

Annual Report 2013



Your Aquaculture Technology and Service Partner

AKVAGROUP™

AKVA group in brief

AKVA group is a technology and service partner to the aquaculture industry worldwide. The company has more than 570 employees, offices in eight countries and a total turnover of 919 MNOK in 2013.

We are a public listed company operating in one of the world's fastest growing industries and supply everything from single components to complete installations, both for cage farming and land based aquaculture. AKVA group is recognized as a pioneer and technology leader through more than 40 years. Our corporate headquarter is in Bryne, Norway.

AKVAGROUP™

- Complete Aquaculture Projects • Recirculation Systems • Plastic Cages • Steel Cages • Moorings • Nets
- Net Cleaning • Cage Cleaning • Workboats • Feed Barges • Feed Systems • Camera & Sensor Systems
- Underwater Lights • Production Software • Processing Software

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AKVA group office with well known brands.

Highlights 2013

- Operating revenue in 2013 of MNOK 919 – an 15% increase compared to operational revenue in 2012.
- Record high order inflow in the second half of 2013 resulting in an all-time high order backlog at the end of 2013 of MNOK 520. Activity especially good in the Nordic segment.
- Financially stronger than ever. Significantly reduced balance sheet exposure with reduced working capital and net interest bearing debt. Refinancing of all loans to better terms and conditions. Refinancing with effect from Q1 2014.
- Acquisition of Plastsveis AS completed in March 2013 – strengthening our Land Based Segment.
- Continued focus on improving the service and after sales market during the year. With the acquisition of 100 percent of YesMaritime AS in April 2014 the service area is significantly strengthened and well positioned for future growth in the Farming Service industry.



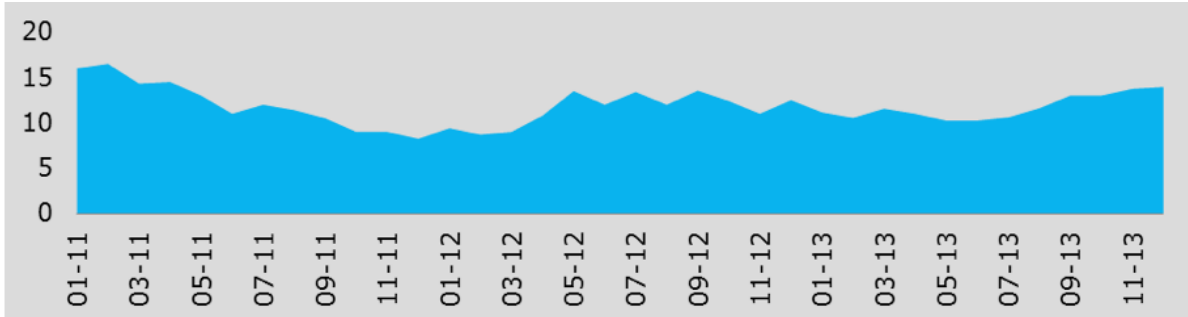
A leading steel tank concept from Plastsveis.

Financial key figures (in NOK 1 000)

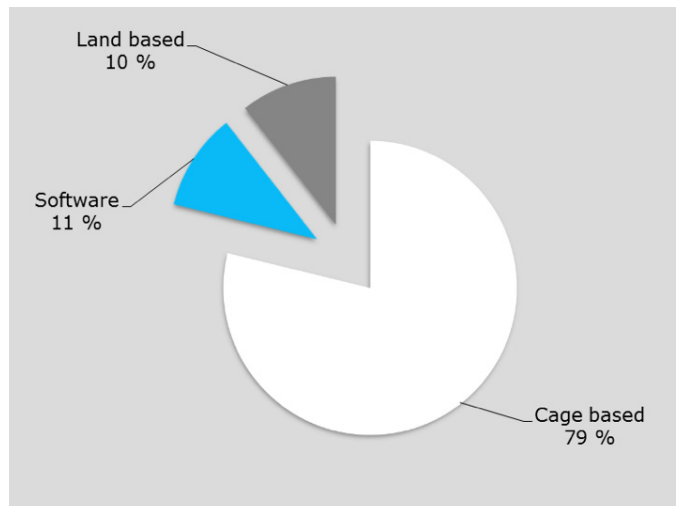
	2013	2012	2011	2010	2009	2008
Profitability						
Revenues	918 670	831 530	893 552	742 521	599 345	866 525
EBITDA	46 905	57 816	61 953	-9 915	-11 527	52 746
EBIT	13 816	26 704	29 253	-40 944	-42 392	23 274
Profit before tax	4 567	17 379	14 256	-50 890	-52 003	10 792
Net profit	2 373	10 274	11 485	-37 637	-39 128	5 517
Net Profit (Loss) Attributable to:						
Non-Controlling interests	-501	-	-	-	-	-
Equity holders of AKVA group ASA	2 874	10 274	11 485	-37 637	-39 128	5 517
Cash flow from operations	94 230	41 642	-35 886	-793	34 463	-12 950
EBITDA margin	5,1 %	7,0 %	6,9 %	-1,3 %	-1,9 %	6,1 %
EBIT margin	1,5 %	3,2 %	3,3 %	-5,5 %	-7,1 %	2,7 %
Return on capital employed	1,1 %	4,0 %	3,0 %	-12,8 %	-10,5 %	5,6 %
Return on equity	0,9 %	3,2 %	4,2 %	-15,5 %	-13,8 %	1,7 %
Financial position						
Fixed assets	307 801	278 503	289 474	296 971	284 061	295 739
Current assets	414 180	394 073	432 189	398 234	327 277	380 472
Total assets	721 981	672 576	721 663	695 205	611 338	676 211
Equity attributable to equity holders of AKVA group ASA	336 601	325 274	323 771	227 561	256 640	309 595
Non-controlling interests	2 255	-	-	-	-	-
Total equity	338 856	325 274	323 771	227 561	256 640	309 595
Long-term debt	55 934	69 765	112 208	136 882	156 212	129 099
Short-term debt	327 191	277 537	285 684	330 762	198 487	237 517
Total equity and liabilities	721 981	672 576	721 663	695 205	611 338	676 211
Gross interest-bearing debt	132 888	143 361	182 917	211 731	200 015	197 488
Cash and cash equivalents	95 855	69 783	57 281	51 729	76 429	64 210
Net interest-bearing debt	74 558	106 564	145 685	168 572	141 853	149 604
Working capital	106 499	155 665	181 981	102 339	119 993	171 726
Equity ratio	46,9 %	48,4 %	44,9 %	32,7 %	42,0 %	45,8 %
Debt to equity ratio	39,2 %	44,1 %	56,5 %	93,0 %	77,9 %	63,8 %
Share data						
Earnings per share	0,11	0,40	0,53	-2,19	-2,27	0,32
Diluted earnings per share	0,11	0,40	0,53	-2,19	-2,27	0,32
Cash flow per share	0,83	-0,02	-0,28	-1,01	0,70	2,22
Dividend per share	-	-	-	-	-	-
Shareholders' equity per share at year-end	13,03	12,59	12,53	13,21	14,90	17,98
Share price at year-end	13,95	12,50	8,25	16,10	20,00	20,50
Market capitalization at year-end	360 389	322 929	213 133	277 288	344 457	353 069
Number of shares outstanding at year-end	25 834 303	25 834 303	25 834 303	17 222 869	17 222 869	17 222 869
Average number of shares outstanding	25 834 303	25 834 303	21 528 586	17 222 869	17 222 869	17 222 869

Financial key figures

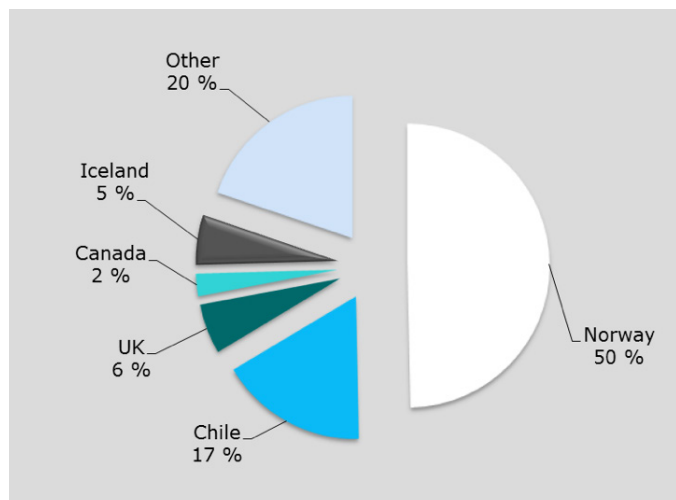
Share price development



Revenue

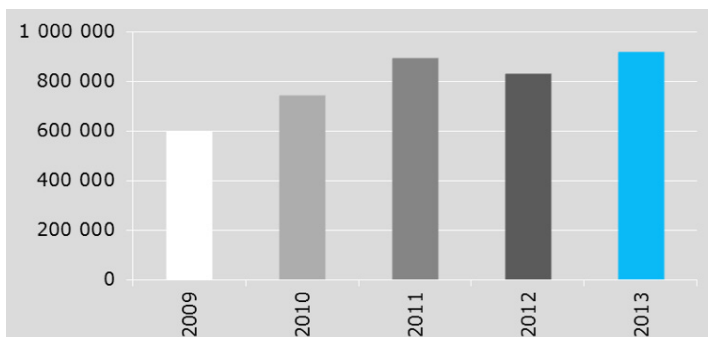


Geographic segments

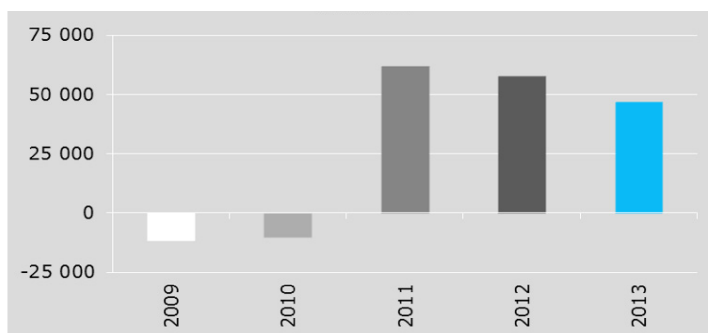


Financial key figures

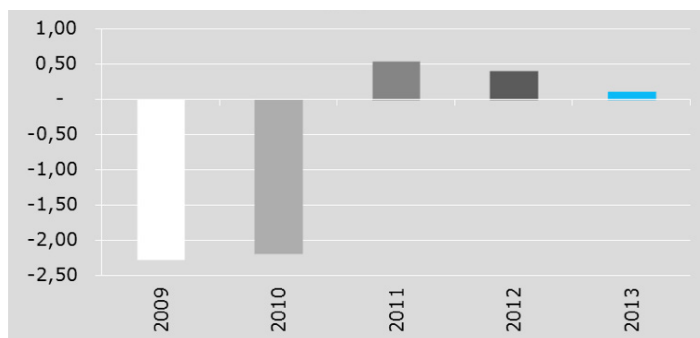
Revenue



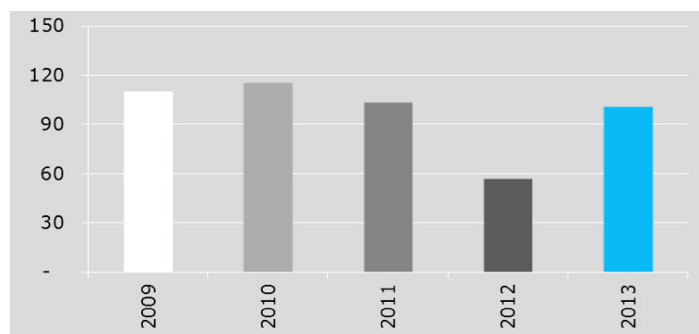
EBITDA



Earnings per share



Revenues other species



CEO 's Report
Corporate Management
Board of Directors
Board of Directors Report



Dear shareholders and stakeholders of AKVA group

2013 has been a year where the gap in reality for the different part of the Group has been large. While AKVA group has experienced a historic upturn in the North Atlantic markets, as well as large positive steps in some Export markets, AKVA group has also experienced a sharp downturn in the important Chilean market place. On one hand the Group has managed strong growth and positive expansion, on the other hand we have been challenged with need to scale down and adjust in less attractive market. We have focused on making right decisions in both circumstances and as a Group we have managed to come out stronger.

Like any other year, 2013 gave us some market fundamentals to deal with. In most instances, the expectations we had when entering the year came true. We knew that the upturn in the salmon prices experienced towards the end of 2012 would generate a positive change in investments in our most important market, the salmon industry. This came true, especially in the Nordic market. Even though it took some time before it really escalated, the market conditions in the Nordic segment was good most of the year. In the last quarter, we experienced record high order inflows on levels never seen before in the history of the Group. Some of it was reflected in our financial performance in Q4 2013, the rest gives us a good start in 2014.

At the same time as the industry in the Nordic market bloomed, it was evident that the Chilean industry was facing difficult times. Significant biological and operational challenges made the Chilean salmon industry unable to invest in technology at normal levels.

This was also predicted, and a main focus during the year has been to stay on top of the development, reducing capacities to a level matching the reduced size of the market. Ending the year, we think we have used the opportunities of difficult times well. Despite reducing capacity – we have kept capability. We believe we have come out stronger, more experienced to take on the times to come, with an improved platform, a healthier balance sheet and a growing service and aftersales business, ready to serve the industry in the region better than ever.

For several years, expanding our presence in emerging markets has been a priority. We have no doubt of the potential of these markets. Developing them has however been a challenge historically. Our new approach, seeking very capable customers as partners in our development, rather than investing in infrastructure in countries, has now started to pay off. During 2013 we have managed to secure ground-breaking projects in new markets. Not only through a continuation of our established position in the Russian market, but also through new established customer relations in Saudi Arabia and China. In AKVA group we believe the significant steps we have taken in these markets represents just a beginning. Over the years to come, we expect to be able to expand our position in these markets significantly.

The variations in investment volumes for technology in our developed markets from one year to another continue to remind us of the need to develop a more robust business model. Our continuous effort to this end has been a priority also in 2013. Our strategy to increase our revenue streams from reoccurring business is a central part of this and will be so in the year to come. Entry into the Farming Services segment through acquisition of YesMaritime AS represents a new step in this strategy. Proven profitability in the reoccurring business segments underlines the viability of this direction.

Seeking improved operational performance is another non-ending task. To make sure we supply well-documented and high quality products and to strengthen customer relations through service and professionalism continues to be in essence, of what we do every day. Only this way we can become more professional and a more mature organization, taking on the role as a market leader.

I am convinced we are ending the year with a better and more robust AKVA group than we started out with. We are a better and more experienced organization, we are more trained and professional in the way we handle our processes; both in sales, production and project execution. We have expanded our service and aftersales activities and we have further strengthened our financial position. We have also managed to add another valuable part to the Group; Plastsveis AS, which with their experience and expertise in building land based facilities, will be an important element in strengthening the Groups position in the land based segment going forward.

In 2014 AKVA group will add a new chapter to its history as a Technology and Service Partner to the aquaculture industry. I think we have an opportunity to make 2014 a successful year. The strong upturn in order inflow towards the end of 2013 gives most of the organization a good start into 2014. The market outlooks also continues to be positive for 2014, so we have reason to believe the good times will last for a while.

As in previous years our focus in 2014 is to take AKVA group another step forward. We believe we have lot of potential that could be explored and make us an even better company. We still prefer to think of ourselves as being on our way – always to become better at what we do. We are ambitious, but determined to stay humble. We want to be the preferred Aquaculture Technology and Service Partner, recognized for our values; **Customer focus, Aquaculture knowledge, Reliability and Enthusiasm.**

And we are in for the long run.



Bryne, April 10th 2014
Trond Williksen
Chief Executive Officer

Corporate Management



Trond Williksen

Chief Executive Officer

Trond Williksen (b. 1963) assumed the position as CEO in March 2011. Prior to joining AKVA group, he was the Executive Vice President for Harvesting in Aker Seafoods ASA, where he also served as the Managing Director of Aker Ocean Harvest AS. During his 20 year long career in fishery and aquaculture, he has led the KPMG Center for Aquaculture and Fisheries, and has also served as the Managing Director of the Norwegian Fish Farmers Association. Trond holds an MBA in Strategy from University of Washington. He is a Norwegian citizen and resides in Bærum, Norway.



Eirik Børve Monsen

Chief Financial Officer

Eirik B. Monsen (b. 1974) assumed the position as CFO in Desember 2011. Prior to joining AKVA group he was the CFO in Telenor Eiendom Holding AS. He has served in several senior positions in the Telenor Group both in Norway and Asia from 2005-2011. He worked in KPMG Finacial Services in Oslo from 1998-2005, the last years as a Manager. Eirik has an MBA from the Norwegian School of Economics and Business Administration (NHH). He is also a State Authorized Public Accountant and a Certified EFFAS Financial Analyst (AFA). He is a Norwegian citizen and resides in Oslo, Norway.



Per Andreas Hjetland

Chief Operations Officer Nordic

Per Andreas Hjetland (b. 1961), joined AKVA group in 2008 where he assumed the position as COO in September 2010. Prior to joining AKVA group, he held several senior positions with international companies. His professional background cover industrial technologies, and he also brings with him extensive experience in business operations, sales & marketing. Per Andreas' academic background was gained at the Technical School of Stavanger. He is a Norwegian citizen and resides in Høle, Norway.

Corporate Management



Andrew Campbell

Chief Operations Officer Americas

Andrew Campbell (b. 1966), joined AKVA group in 2000, and has been General Manager in Chile since 2006. From 1989-2000, he worked as a Production Manager in the salmon industry in New Zealand for the New Zealand Salmon Company Ltd. Andrew holds a bachelor of science degree from New Zealand's Victoria University, and is a New Zealand citizen with permanent residency in Chile.



Trond Severinsen

Chief Operations Officer Export
& Chief Marketing Officer

Trond Severinsen (b. 1964), joined AKVA group in 1993 as General Manager for the company's operations in Canada; a role he had until 2003 when he became CMO. He has worked within sales, marketing and R&D related to technology for the fish farming industry since early 1984. Trond had previously worked for Sea Farm trading (1984-90), setting up their Canadian office in 1987. He later ran his own business until 1993. He is a Norwegian citizen and resides in Klepp, Norway.



The world's largest feed barge was launched and delivered in 2013.

The Board's Annual Report 2013

2013 was a year with increased activity in our Nordic and Export market. The growth was especially driven by our customers' high profitability in the Nordic market and materialised in record high order inflow in the second half of the year. At the same time we have, as expected, experienced reduced activity in Chile due to our customers' challenges with operational, biological and financial issues.

Total revenue for the group in 2013 was MNOK 918.7 - an increase of 14.5% compared to operational revenue 2012. Earnings before interest, tax, depreciation and amortisation (EBITDA) were MNOK 46.9 - an increase of 62.8% compared to operational EBITDA in 2012¹.

The financial result for 2013 reflects increased activity in the Cage Based Technology segment in the Nordic and Export markets especially in the second half of the year but also low activity and negative growth in the Chilean market. The Software segment experienced increased operational revenue and improved margins. The Land Based Technology segment improved its performance and its order backlog, but still delivered negative margins in 2013.

Our main focus in 2013 has been to manage the increased activity in the Cage Based Technology segment in Nordic and to reduce our financial exposure in Chile. We have continued our work to streamline all operations, to tune the fixed cost base and to increase customer satisfaction by improving engineering work and strengthening the delivery and service organisations.

¹ Excluding the one off gain of MNOK 29 in Q1 2012 in connection with the sale of the Norwegian Maritech business.

AKVA group – the business segments

AKVA group is a leading supplier of technology and services to the global aquaculture industry. Our activities include design, sale, purchase, assembly and installation of technology as well as service and consulting services. The Group's main customer base is the global salmon-farming industry. It is also a strategic objective to expand AKVA group's activities to aquaculture species other than salmonides.

The group divides its operations into three business segments: Cage Based Technology (CBT), Software (SW) and Land Based Technology (LBT).

The Cage Based Technology segments' main products are; feed barges, fishfarming cages, centralised feed systems, sensors, cameras, biomass estimation systems, light systems and net cleaning systems. The Polarcirkel™ polyethylene cages are produced at the facility in Mo i Rana, Norway and are one of the world's leading fish cage brands. The Polarcirkel™ brand also includes Polarcirkel™ PE-boats designed for extreme conditions for the fishfarming industry, diving, oil and gas service industry as well as PE pipes up to 900 mm diameter for various purposes. Steel cages sold under the Wavemaster™ brand are market leaders in Chile and Canada. Wavemaster™'s production facility for steel cages is located in Puerto Montt in Chile. Feed barges are also produced under the brand Wavemaster™. The feed barges have a strong position in the salmon market in the Nordic and Export regions and are supplied with Akvasmart™ centralised feed systems as well as other technologies from AKVA group. The feed barges designed by AKVA group are produced in Tallinn (Estonia) and Ustka (Poland).

The Software segment provides market leading best of breed software solutions for fish farming as well as for the seafood industry. Our market leading software brands are Fishtalk™ and Wisefish™.

The Land Based Technology segments' main products are land based systems for production of freshwater as well as marine fish species using recirculation technology. The systems are designed in Fredericia and Copenhagen in Denmark. The LBT segment is positioned for future profitable growth and significantly strengthened through acquisition of 70% of Plastsveis AS in March 2013. Plastsveis AS is a leading provider of operational installation of land based facilities in Norway. The acquisition was a natural step to strengthen the land based area in the Group and gives AKVA group a strong position in the market place when it comes to delivering a range of solutions for land based aquaculture.

AKVA group's headquarters is located in Bryne, Norway. The company has offices and service stations along the Norwegian coast and in Chile, Scotland, Canada, Turkey, Iceland, Denmark and Australia. In addition the group has representation in numerous other countries across the globe.

Market situation through 2013

In the comments below on the financial accounts, the 2012 figures are presented in brackets following the 2013 stated values, when included.

The low salmon prices in 2012 gave AKVA group slow speed into 2013. Positive development towards very high salmon prices throughout 2013 has increased profit for our customers especially in the Nordic segment and has resulted in a strong growth in investment activity.

This has materialized in a record high order inflow in the second half of 2013 and very solid results in the Nordic area in Q4 2013. Export sales to emerging markets have also experienced good development in 2013 with new large projects in Saudi Arabia, Russia and China. In the Chilean salmon industry we have experienced low investment activity due to operational, biological and financial challenges for our customers.

Revenues from services and maintenance provided by AKVA group continued the positive development in 2013, reflecting a positive trend in an area with strategic priority for the Group.

AKVA group had revenues from technology sales and service to aquaculture producers of other species than salmon, of MNOK 100.6 (56.6) equal to 11.0% (6.8%) of total revenues. The Mediterranean and Middle East are here the main markets. Revenue from equipment and service to non seafood markets was MNOK 114.7 (102.2) equal to 12.5% (12.3%) of total revenue.

Continued Operations

In accordance with the Accounting Act § 3-3a we confirm that the Financial Statements have been prepared under the assumption of going concern.

Profit and loss (consolidated)

Total revenues for AKVA group in 2013 were MNOK 918.7 (831.5) – an operational increase of 14.5% compared to 2012. EBITDA for 2013 was MNOK 46.9 (57.8) - an operational increase of 62.8% compared to 2012².

² Excluding the one off gain of MNOK 29 in Q1 2012 in connection with the sale of the Norwegian Maritech business.

The growth in revenues is mainly explained by increased revenues in the Nordic and Export market areas, due to high salmon prices and good activity in emerging export markets. The growth experienced in Nordic and Exports was partly offset by a 45% reduction in revenues in the Chilean market from 2012 to 2013 due to low earnings and low investment levels for our customers in this market.

Group margins in 2013 increased compared to 2012 adjusted for the one off gain related to the sale of the Norwegian Maritech business in 2012. This is due to an improved cost base and increased volumes during the year.

Depreciation and amortisation in 2013 were MNOK 33.1 (31.1). EBIT for 2013 was MNOK 13.8 (26.7). Net financial expenses were MNOK 9.2 (9.3) and Profit before tax was MNOK 4.6 (17.4). The calculated tax for 2013 is MNOK 2.2 (7.1). Net profit for the year was MNOK 2.4 (10.3).

CBT had operating revenues in 2013 of MNOK 724.0 (657.0), an increase of 10.2% compared to 2012. EBITDA was MNOK 30.5 (20.6). The increase in revenues is explained by increased revenues in Nordic and Export markets due high salmon prices during the year and good market activity in emerging export markets. This increase was partly offset by decreased revenues in the Chilean market. The increased margin compared to 2012 is mainly explained by improved cost base and increased volume, however partly offset by one off cost in Chile in Q4 2013.

SW had operating revenues in 2013 of MNOK 97.7 (122.4) with and EBITDA of MNOK 19.5 (42.7). SW continues to deliver steady revenues and healthy earnings in 2013.

The 2012 financials for the SW segment was affected by the sale of the Norwegian Maritech business in February 2012 resulting in a net gain of MNOK 29.0.

LBT had operating revenues in 2013 of MNOK 97.0 (52.1) with an EBITDA of MNOK -3.0 (-5.5). Earnings are also in 2013 affected by costs over-runs in some major land based projects. The land based segment is, with the acquisition of Plastsveis AS in Q1 2013, well positioned for long term development and profitable growth.

Earnings per share were NOK 0.11 in 2013 versus NOK 0.40 in 2012. The total number of outstanding shares has been 25.834.303 in 2013 and 2012.

Low activity coming in to 2013 in general, as well as extra provisions and costs of MNOK 9.2 in Chile in Q4 2013, influenced the overall financial performance in 2013. Measures implemented over the last 3 years of reducing the cost base as well as to improve operations and project management have given results and should pave the way for continued improved earnings going forward.

Profit and loss AKVA group ASA

Operating revenues for AKVA group ASA in 2013 were MNOK 497.1 (356.3). EBITDA for 2013 was MNOK 11.6 (-0.2). Depreciation and amortisation in 2013 were MNOK 11.7 (13.7). EBIT for 2013 was MNOK -0.1 (-13.9). Net financial income was MNOK 12.4 (26.7) and profit before tax was MNOK 12.3 (12.8). The calculated tax for 2013 is MNOK 5.0 (3.4). Net profit for the year was MNOK 7.3 (9.4).

Balance sheet and cash flow (consolidated)

Total assets at the end of 2013 were MNOK 722.0 (672.6). Total liabilities amounted to MNOK 383.1 (347.3) and equity totalled MNOK 338.9 (325.3) giving an equity ratio of 46.9% (48.4%).

Working capital in the consolidated balance sheet, defined as non-interest bearing current assets less non-interest bearing short-term debt, was MNOK 106.5 at the end of 2013, down from MNOK 155.7 at the beginning of the year. The decrease in working capital is mainly explained by continued focus on balance sheet and capital management during the year to improve the balance sheet.

Equity was positively affected during 2013 by the year result of MNOK 2.4 (10.3) and by the translation differences, cash flow hedges and actuarial deviations on net pension obligations of MNOK 11.1 (-8.8), out of which MNOK 8.0 (-7.1) is related to revaluation of goodwill and other intangible assets, according to IFRS.

Gross interest bearing debt amounted to MNOK 132.9 (143.4) at the end of 2013. Cash and unused credit facilities amounted to NOK 96.0 (70.0) at the end of 2013.

The company is in compliance with all financial covenants at the end of 2013.

The total calculated deferred tax assets on December 31, 2013 amounted to MNOK 37.2 (39.3), whereof MNOK 25.1 (30.0) was recognised in the balance sheet. The amount included in the balance sheet is mainly related to the Norwegian operations.

Investments in 2013 amounted to MNOK 39.8 (37.7), including MNOK 16.5 (15.8) in capitalised R&D expenses, in accordance with IFRS.

Balance sheet AKVA group ASA

Total assets at the end of 2013 were MNOK 617.8 (604.6). Total liabilities amounted to MNOK 226.2 (220.5) and equity totalled MNOK 391.6 (384.1) giving an equity ratio of 63.4% (63.5%).

Risk factors

The aquaculture industry is associated with biological and market risk, and has historically been subject to cyclicity. AKVA group aims to reduce the risks related to these factors through diversification of its products and technologies to various fish species and geographical regions, as well as by increasing revenues from reoccurring service and after sales.

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. A reduction in currency risks is sought through matching revenues and costs in the same currency, in combination with forward contracts. The group is also exposed to fluctuations in foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

Interest bearing debt is based on floating interest rate and net interest costs will consequently increase and decrease according to the variations in the interest level. AKVA group endeavours to maintain sufficient level of free cash at all times to be able to meet its obligations.

Historically the group has shown low losses on receivables from customers. For larger projects the group generally receives partial pre-payment from the customers and payments according to the progress of the projects. The credit risk related to customer deliveries is thereby reduced.

Larger projects in the land based technology segment have not given the expected margins over the last few years. Significant improvements have been achieved through 2011, 2012 and 2013 by reducing cost base and by reducing scope on major deliveries of recirculation technology.

AKVA group is exposed to fluctuations in the prices of certain raw materials used in some of the main products. Reduction of this risk is sought through continuous general awareness and specific attention during major contract negotiation periods, as well as by securing the pricing of raw materials immediately after signing contracts.

Product development

In 2013 the group invested MNOK 36.0 (34.0) in product development, of which MNOK 16.5 (15.8) was capitalised and MNOK 19.5 (18.2) expensed. The investments were used to further improve existing products and to develop new products.

Organisation and work environment

AKVA group had 572 (653) employees at the end of 2013. In Norway the company employed 185 (147) people. Women accounted for 17.3% (15.6%) of the Norwegian employees. The group aims at having a gender balance across the different levels of the organisation.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group's aim is to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many as possible can utilise the various functions. For employees or new applicants with reduced functional ability, individual arrangements of workplace and responsibility are made.

The group aims to strengthen the competence of its employees to maintain a position as a leading supplier of technology and service to the aquaculture industry. Through recruitment, the company seeks to employ people with high competence within all areas of its business.

Total sick leave in the Group during 2013 amounted to 2.6%. Eleven injuries were registered in the group during 2013. Efforts have been done in order to prevent similar incidents to happen in the future.

The board considers the working environment in the company to be satisfactory and has not initiated any particular measures in this area during 2013.

Future outlook

There is a positive outlook in the Nordic market for 2014. High salmon prices in 2013 and continued high prices in 2014 drives demand for technology and services. Increase in order backlog in the second half of 2013 and continued high activity in the market strengthen this assumption.

In Chile the industry and investments are influenced by financial, operational and biological uncertainty. We are monitoring the market closely and have adjusted our operation and exposure according to the development.



Workboats and cages designed for rough conditions.

Expectations in the UK and Canada market are good. AKVA group holds a strong position in both markets with a significant portion of our activities being service and after sales.

We expect the activities in emerging export markets to continue in to 2014. Export markets pose an opportunity for AKVA group going forward with significant interest from new markets, such as Russia, the Middle East and China.

The Land Based Technology segment is positioned for future profitable growth and significantly strengthened through acquisition of 70% of Plastsveis AS in Q1 2013. The area is expected to have continued positive development. High order back log at the end of 2013 supports this expectation.

The Groups total order backlog at the end of 2013 was 520 MNOK (306).

We continue our effort to build service and aftersales as a key business element in all markets and segments. The acquisition of YesMaritime AS in April 2014 is from Q2 2014 expected to strengthen the Group's service segment further. YesMaritime AS was established in 1985 and has developed to become one of the larger aquaculture farming service companies in Norway. The company is operating out of Bergen and has 29 employees. Currently the company is operating 6 vessels providing a range of services to the fish farming industry in Western Norway.

AKVA group will stay hands on going forward in 2014 adjusting operations according to market development, focusing on long term performance, margins and customer relations. We have improved our balance sheet significantly over the last two years, but the focus on cash, working capital and cost reductions continues.

Allocation of profit

The board proposes the following allocation of the profit of AKVA group ASA:

Transferred to other equity	NOK 7.280.000
Total allocation	NOK 7.280.000

At the end of 2013, AKVA group ASA had equity of MNOK 391.6 (384.1), comprised of MNOK 25.8 (25.8) in share capital, MNOK 336.0 (336.0) in share premium, MNOK 2.5 (2.4) in other paid-in capital and MNOK 27.3 (19.8) in other equity.

A report on Corporate Social Responsibility in AKVA group ASA is included in the second last section of the annual report.

Corporate governance in AKVA group ASA is described in the last section of the annual report.

Confirmation from the Board of Directors and the CEO

We confirm that, to the best of our knowledge, that the financial statements for the period from January 1st to December 31st, 2013 has been prepared in accordance with EU-approved IFRS and gives a true and fair view of the group and the Company's consolidated assets, liabilities, financial position and results of operations, and that the Report of the Board of directors provides a true and fair view of the development and performance of the business and the position of the group and the Company together with a description of the key risks and uncertainty factors that the company is facing.


Bryne, Norway, April 10th 2014.



Hans Kristian Mong
Chairperson of the Board



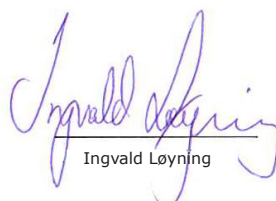
Aino Olaisen



Frode Teigen



Anne Breiby
Deputy Chairperson



Ingvald Løyning



Tore Obrestad



Kjell-Arne Corneliussen



Eivind Brendryen



Trond Williksen
Chief Executive Officer



Board of Directors



Hans Kristian Mong

Chairperson of the Board

Resides in Egersund, Norway. He is currently amongst other the Director of the board in Egersund Group. Mr. Mong was elected to the Board of Directors at the General Meeting May 9th 2012.



Ingvald Løyning

Board member

Ingvald Løyning lives in Stavanger, Norway. He was educated at Handelsakademiet. He has held senior positions in IBM, Nutreco and Kverneland and is currently President & CEO of the Kverneland Group. He has broad experience from serving as Director of the Board in companies in several industries and in institutions. Amongst current engagements are IRIS, Mosaique, Profitbase and Stavanger Jazzforum. Mr. Løyning was elected to the Board of Directors at the General Meeting held May 14th 2013.



Frode Teigen

Board member

Frode Teigen resides in Egersund, Norway. He is a private investor and is on the Board of several Norwegian companies. Mr. Teigen was elected to the Board of Directors at the General Meeting June 2009.

Board of Directors



Anne Breiby

Deputy Chairperson

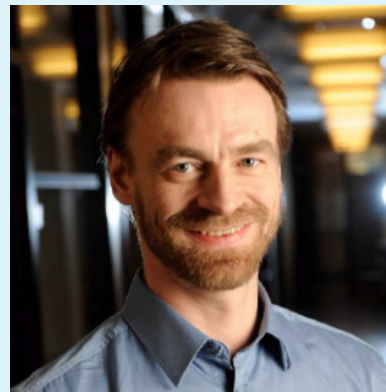
Anne Breiby lives in Ålesund, Norway. She holds a Cand. Scient degree in Fishery biology from Tromsø University. She held positions in the Norwegian Fishfarmer's Association and Regional Fishery Administration before serving as a Political advisor for fishery and industry matters in Parliament and Deputy Minister in the Ministry of Industry and Energy. She has broad experience from serving as a Board member for several companies and institutions. Amongst these are Domstein ASA, Ulstein group ASA, Folketrygdfondet, Sparebanken Møre, Innovation Norway, Norwegian Research Council, REM ASA, Kongsberg Satellite Service AS, Scandinavian Business Seating AS and Fiskeribladet Fiskaren AS. Mrs. Breiby was elected to the Board of Directors at the Annual General Meeting September 25th 2006.



Aino Olaisen

Board member

Resides in Lovund, Norway. She studied at the Norwegian College of Fishery Science, and she has also studied history and Spanish. Mrs. Olaisen is a Director of the Board in several sea based companies, amongst others Nova Sea. She is also head of the general assembly at Sparbankstiftelsen Helgeland. Mrs. Olaisen was elected to the Board of Directors at the Annual General Meeting May 9th 2012.



Eivind Brendryen

Employee's representative

Eivind Brendryen lives in Trondheim, Norway. He earned a bachelor degree in radio and telecommunications in Trondheim in 1996, and holds previous experience from the Norwegian Hydrographic Service in Stavanger. He has been employed in AKVA group Software since 2001, and currently holds the position as Product Manager Farming Software.

Board of Directors



Kjell-Arne Corneliussen **Tore Obrestad**

Employee 's representative

Kjell-Arne Corneliussen lives in Mo i Rana, Norway. He was educated in Plumbing and Management, and holds previous experience as a plumber and Head of Department for a plumbing wholeseller. Mr. Corneliussen has been employed with Helgeland Plast AS since 1995, and is now Sales Manager for PE Pipes.

Employee 's representative

Tore Obrestad lives in Vigrestad, Norway. He qualified as an electro automation systems engineer at education science program at UIS. He has been employed in AKVA group ASA since 1988, incorporating a 4-year sabbatical as a lecturer at a college of further education. He is currently Technical Manager in AKVA group ASA.



Complete recirculation solution delivered to Denmark 's largest land based farm.

Financial Statement Group

(AKVA group)



 Silo 04
Föringslinje 03

Income Statement 01.01 - 31.12. (in NOK 1 000)

Group	Note	2013	2012	2011
OPERATING REVENUES				
Sales revenues	19	918 670	801 228	893 552
Other income	2	-	30 302	-
Total revenues	2	918 670	831 530	893 552
OPERATING EXPENSES				
Cost of goods sold	11	556 603	473 294	567 163
Payroll expenses	3,21	229 329	217 797	180 260
Other operating expenses	4,8,12,17,20	85 832	82 623	84 176
Total operating expenses		871 765	773 714	831 600
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)		46 905	57 816	61 953
Depreciation and amortisation	7,9	33 088	31 112	32 700
OPERATING PROFIT (EBIT)		13 817	26 704	29 253
FINANCIAL INCOME AND EXPENSES				
Financial income	17,18	1 841	1 958	1 711
Financial expenses	17,18	-11 091	-11 284	-16 708
Net financial items		-9 250	-9 325	-14 996
PROFIT BEFORE TAX		4 568	17 379	14 256
Taxes	5	2 193	7 105	2 771
NET PROFIT FOR THE YEAR		2 374	10 274	11 485
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Non-controlling interests		-501	-	-
Equity holders of AKVA group ASA		2 875	10 274	11 485
Earnings per share	6	0,11	0,40	0,53
Diluted earnings per share	6	0,11	0,40	0,53

Comprehensive Income Statement 01.01 - 31.12. (in NOK 1 000)

Group	Note	2013	2012	2011
NET PROFIT FOR THE YEAR		2 374	10 274	11 485
Other comprehensive income				
<i>Items that may be reclassified subsequently to income statement:</i>				
Translation differences on foreign operations		13 367	-14 792	-5 068
Income tax effect		-3 743	4 142	1 419
Total		9 624	-10 650	-3 649
Gains and losses arising during the year on cash flow hedges		1 738	2 554	-
Income tax effect		-487	-715	-
Total		1 251	1 839	-
<i>Items that will not be reclassified to income statement:</i>				
Actuarial deviations on net pension obligations		376	13	-165
Income tax effect		-105	-4	46
Total		271	10	-119
Total other comprehensive income, net of tax		11 146	-8 801	-3 768
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		13 520	1 473	7 718
Attributable to:				
Non-controlling interests		-501	-	-
Equity holders of AKVA group ASA		14 021	1 473	7 718

Assets 31.12 (in NOK 1 000)

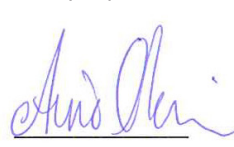
Group	Note	2013	2012	2011
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax asset	5	25 117	29 953	36 028
Goodwill	7	178 018	159 136	162 736
Other intangible assets	7	47 696	42 111	46 820
Total intangible assets		250 831	231 200	245 584
Tangible fixed assets				
Land and building	9	2 804	2 945	2 006
Machinery and equipment	9	52 199	42 818	39 933
Total tangible fixed assets		55 003	45 763	41 939
Long-term financial assets				
Other long-term financial assets	10,12	1 967	1 540	1 951
Total long-term financial assets		1 967	1 540	1 951
Total non-current assets		307 801	278 503	289 474
CURRENT ASSETS				
Stock	11	144 188	161 736	174 919
Receivables				
Accounts receivables	12,18,19	155 539	163 133	177 601
Prepayments to suppliers		4 879	3 818	9 565
Other receivables		51 244	28 589	32 871
Total receivables		211 662	195 540	220 037
Cash and cash equivalents	13	58 330	36 797	37 232
Total current assets		414 180	394 073	432 189
TOTAL ASSETS		721 981	672 576	721 663

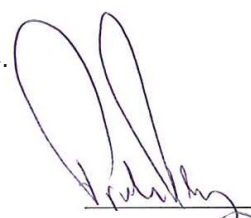
Equity and Liabilities (in NOK 1 000)

Group	Note	2013	2012	2011
EQUITY				
Equity attributable to equity holders of AKVA group ASA	14,21	336 601	325 274	323 771
Non-controlling interests		2 255	-	-
Total equity		338 856	325 274	323 771
LIABILITIES				
Provisions				
Pension obligations	15	181	757	1 038
Total provisions		181	757	1 038
Other long term liabilities				
Liabilities to financial institutions	16	55 048	67 435	110 209
Other long term liabilities		704	1 572	962
Total other long term liabilities		55 752	69 008	111 170
Current liabilities				
Liabilities to financial institutions	13,16	77 840	75 925	72 709
Trade creditors		88 957	81 356	85 035
Taxes payable	5	818	860	1 236
Public duties payable		13 981	13 901	12 570
Prepayments from customers	19	59 982	63 638	65 617
Other current liabilities	17	85 613	41 857	48 518
Total current liabilities		327 191	277 537	285 684
Total Liabilities		383 125	347 302	397 892
TOTAL EQUITY AND LIABILITIES		721 981	672 576	721 663

Bryne, Norway, April 10th 2014.


 Hans Kristian Mong
 Chairperson of the Board


 Aino Olaisen


 Frode Teigen


 Anne Breiby
 Deputy Chairperson


 Ingvald Løyning


 Tore Obrestad


 Kjell-Arne Corneliussen


 Eivind Brendryen


 Trond Williksen
 Chief Executive Officer

Cash Flow Statement 01.01 - 31.12 (in NOK 1 000)

Group	Note	2013	2012	2011
Cash flow from operating activities:				
Profit before taxes		4 568	17 379	14 256
Taxes		-42	-841	-1 984
Gain on disposal of fixed assets		175	-30 302	-
Depreciation and amortisation	7,9	33 088	31 112	32 700
Change in pension obligation	15	-305	-281	118
Changes in stock, accounts receivable and trade		40 903	23 972	-19 985
Changes in other receivables and payables		17 096	2 443	-60 991
Net foreign exchange difference		-1 251	-1 839	-
Net cash flow from operating activities		94 230	41 642	-35 886
Cash flow from investment activities				
Investments in fixed assets	7,9	-39 847	-37 767	-29 975
Change in goodwill		-538	-	-
Proceeds from sale of fixed assets	7,9	416	4 245	1 792
Proceeds from sale of Maritech business in Norway		-	30 302	-
Net repayment of long-term receivables		-190	-	-
Acquisition of subsidiary net of cash acquired	22	-18 478	-	-
Net cash flow from investment activities		-58 638	-3 220	-28 183
Cash flow from financing activities				
Repayment of borrowings		-23 419	-39 557	-28 813
Proceed from borrowings		10 000	-	-
Increase of share capital and share premium fund		-	-	88 462
Change related to other financial activities		-641	700	-1 507
Net cash flow from financing activities		-14 060	-38 857	58 142
Net change in cash and cash equivalents		21 533	-435	-5 927
Cash and cash equivalents at 01.01		36 797	37 232	43 159
Cash and cash equivalents at 31.12	13	58 330	36 797	37 232

Statement of Changes in Equity (in NOK 1 000)

Group	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Translation differences	Other equity	Total other equity	Retained earnings	Total equity	Non-controlling interest	Equity AKVA group
Equity as at 01.01.2011		17 223	249 864	1 890	268 977	-33 288	95	-33 193	-8 223	227 561	-	227 561
Net movement in cash flow hedges		-	-	-	-	-	-	-	-	-	-	-
Translation difference		-	-	-	-	-3 649	-	-3 649	-	-3 649	-	-3 649
Actuarial deviations on net pension obligations		-	-	-	-	-	-119	-119	-	-119	-	-119
Total other comprehensive income		-	-	-	-	-3 649	-119	-3 768	-	-3 768	-	-3 768
Profit (loss) for the period		-	-	-	-	-	-	-	11 485	11 485	-	11 485
Total comprehensive income		-	-	-	-	-3 649	-119	-3 768	11 485	7 718	-	7 718
Issue of share capital		8 611	86 114	-	94 725	-	-	-	-	94 725	-	94 725
Share issue costs		-	-6 263	-	-6 263	-	-	-	-	-6 263	-	-6 263
Recording of option agreement	21	-	-	30	30	-	-	-	-	30	-	30
Equity as at 31.12.2011	14	25 834	329 715	1 920	357 469	-36 937	-24	-36 961	3 262	323 771	-	323 771
Equity as at 01.01.2012		25 834	329 715	1 920	357 469	-36 937	-24	-36 961	3 262	323 771	-	323 771
Net movement in cash flow hedges		-	-	-	-	-	1 839	1 839	-	1 839	-	1 839
Translation difference		-	-	-	-	-10 650	-	-10 650	-	-10 650	-	-10 650
Actuarial deviations on net pension obligations		-	-	-	-	-	10	10	-	10	-	10
Total other comprehensive income		-	-	-	-	-10 650	1 849	-8 801	-	-8 801	-	-8 801
Profit (loss) for the period		-	-	-	-	-	-	-	10 274	10 274	-	10 274
Total comprehensive income		-	-	-	-	-10 650	1 849	-8 801	10 274	1 473	-	1 473
Issue of share capital		-	-	-	-	-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-	-	-	-	-
Recording of option agreement	21	-	-	31	31	-	-	-	-	31	-	31
Equity as at 31.12.2012	14	25 834	329 715	1 951	357 500	-47 587	1 825	-45 762	13 536	325 274	-	325 274
Equity as at 01.01.2013		25 834	329 715	1 951	357 500	-47 587	1 825	-45 762	13 536	325 274	-	325 274
Net movement in cash flow hedges		-	-	-	-	-	1 251	1 251	-	1 251	-	1 251
Translation difference		-	-	-	-	9 624	-	9 624	-	9 624	-	9 624
Actuarial deviations on net pension obligations		-	-	-	-	-	271	271	-	271	-	271
Total other comprehensive income		-	-	-	-	9 624	1 522	11 146	-	11 146	-	11 146
Profit (loss) for the period		-	-	-	-	-	-	-	2 374	2 374	-501	2 875
Total comprehensive income		-	-	-	-	9 624	1 522	11 146	2 374	13 520	-501	14 021
Issue of share capital		-	-	-	-	-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests arising on a business	22	-	-	-	-	-	-	-	-	-	2 756	-2 756
Recording of option agreement	21	-	-	62	62	-	-	-	-	62	-	62
Equity as at 31.12.2013	14	25 834	329 715	2 013	357 562	-37 963	3 346	-34 616	15 910	338 856	2 255	336 601

Note 1

Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

Basis for preparation

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2013.

The consolidated financial statements have been prepared on an historical cost basis.

Functional currency and Presentation currency

The Group presents its financial statements in NOK. This is also the parent company's functional currency. For consolidation purposes, the balance sheet figures for subsidiaries with a different functional currency, translated at the rate applicable at the balance sheet date, and the income statement have been translated at monthly average rates. Exchange differences are recognized in equity. When foreign subsidiaries are sold, the accumulated exchange differences relating to the subsidiary are taken to other comprehensive income.

Basis of consolidation

The Group's consolidated financial statements comprise AKVA group ASA and companies in which AKVA group ASA has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control over the company. Non-controlling interest are included in the Group's equity.

The acquisition method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from/until the date when the purchase/sale is carried out. Investments in associates (normally investments of between 20% and 50% of the companies' equity) in which AKVA group ASA exercises a considerable influence are accounted for by applying the equity method. The carrying value of the investments is reviewed when there are indications of a decline in value or when there is no longer any need for previously recognized impairment losses.

When the Group's share of the loss exceeds the investment, the investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognized to the extent that the Group has obligations to cover this loss.

All other investments are accounted for in accordance with IAS 39, Financial Instruments.

Inter-company transactions and balances, including internal profits and unrealized gains and losses are eliminated in full. Unrealized gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealized losses are correspondingly eliminated, but only to the extent that there are no indications of a fall in the value of the asset that has been sold internally.

The consolidated financial statements are prepared on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

The cash and cash equivalent amount in the cash flow statement do not include overdraft facilities. See note 13 for information about unused overdraft facilities.

Revenue recognition

Revenue is recognized when it is probable that transactions will generate future economic benefits that will accrue to the company and the size of the amount can be reliably estimated. Sales revenues are presented net of value added tax and discounts.

Revenues from the sale of goods are recognized in the income statement once delivery has taken place, the risk has been transferred and the company has established a receivable due by customer.

Revenues relating to projects are recognized in the income statement in line with the project's progress and when the project's results can be reliably estimated. The progress of these projects are decided by the cost incurred compared to total budgeted cost for the project. When the project's results cannot be reliably estimated, only revenues equal to the accrued project costs will be taken to revenue. Any estimated loss on a contract will be recognized in the income statement for the period when it is identified that the project will lead to a loss.

Revenues from sale of professional services are recognized in the income statement when the services are performed and invoiced. Normally this will be in the same month, however occasionally with one month delay.

Interest is recognized in the income statement as financial income. Royalties will be recognized in the income statement in relation to the terms and conditions of the various royalty agreements. Dividends are recognized in the income statement when the shareholders' rights to receive dividend have been determined.

Segments

For management purposes, the Group is organized into three business areas according to their range of products/services. These business areas comprise the basis for primary segment reporting. Financial information relating to segments and geographical divisions is presented in note 2.

In the segment reporting, the internal gain on sales between the various segments is eliminated.

Trade receivables

Trade receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flows is recognized as a loss, discounted by the receivable amount's effective interest rate.

Currency

Transactions in foreign currencies

The consolidated financial statements are presented in NOK, which is AKVA group ASA's functional currency. Transactions in foreign currencies are initially recognized in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognized in the income statement with the exception of exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognized as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign operations

Assets and liabilities in foreign subsidiaries, including goodwill and adjustments for fair value included in the consolidation are translated into NOK using the exchange rate at the balance sheet date. Revenues and costs from foreign operations are translated into NOK using the monthly average exchange rate. The exchange differences arising from the translation are recorded against other comprehensive income.

When translating foreign currencies into NOK the Group is using the mid-rate on the balance date listed by Norges Bank, the Central Bank of Norway. Norges Bank has however not quoted the exchange rate between NOK and ISK since mid-December 2008. The rate used for NOK vs ISK at the balance date in the consolidation is the rate quoted by the Central Bank of Iceland. Neither does Norges Bank quote the exchange rate between NOK and CLP. This exchange rate is calculated based on the quoted rates of NOK per USD and CLP per USD by Norges Bank and the Central Bank of Chile respectively.

Hedging

As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction or c) hedge a net investment in a foreign operation.

The Group's criterias for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

(a) Fair value hedges:

Derivatives designated as hedging instruments are measured at their fair value and changes in the fair value are recognized in the income statement as they arise. Correspondingly, a change in the fair value of the hedged object which is due to the risk that the object is hedged against is recognized in the income statement.

The hedge accounting is discontinued if:

- i) the hedging instrument expires or is terminated, exercised or sold, or
- ii) the hedge does not meet the above-mentioned hedge requirements, or
- iii) the Group chooses to discontinue hedge accounting for other reasons.

If the hedge assessment is terminated, the changes which have been made in the carrying amount of the hedged object are amortized over the remaining economic life using the effective interest rate method if the hedging instrument is a financial instrument that has been recognized according to the effective interest rate method.

(b) Cash-flow hedges

Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are taken directly to other comprehensive income.

The ineffective part of the hedging instrument is recognized directly in the income statement.

If the hedge of a cash flow results in an asset or liability being recognized, all former gains and losses recognized directly in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the asset or liability. For other cash-flow hedges, gains and losses recognized directly in other comprehensive income are taken to the income statement in the same period as the cash flow which comprises the hedged object is recognized in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognized directly in other comprehensive income remains separately recognized in other comprehensive income until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognized directly in other comprehensive income will be recognized in profit or loss.

Loans

Loans are recognized at the amount received, net of transaction costs. The loans are thereafter recognized at amortized costs using the effective interest rate method, with the difference between the net amount received and the redemption value being recognized in the income statement over the term of the loan.

Borrowing costs are capitalized when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalized until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognized. Borrowing costs are recognized in the income statement when they arise. Borrowing costs are capitalized to the extent that they are directly related to the purchase, construction or production of a non-current asset.

Financial instruments

According to IAS 39, Financial Instruments: Recognition and measurement, financial instruments are classified in the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables, and available-for-sale. Financial instruments with fixed or determinable cash flows and a fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held-to-maturity investments.

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss. Financial instruments that are held to maturity are included in the non-current asset unless the maturity date is less than 12 months after the balance sheet date. Financial instruments at fair value through profit or loss are classified as current assets, and financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within 12 months of the balance sheet date.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, with the exception of instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

All purchases and sales of financial instruments are recognized on the transaction date. The transaction costs are included in the cost price.

Financial instruments that are classified as available for sale and at fair value through profit or loss are carried at fair value as observed in the market at the balance sheet date. The gain or loss resulting from changes in the fair value of financial investments classified as available for sale are recognized directly in other comprehensive income until the investment has been disposed of.

The accumulated gain or loss on the financial instrument that has previously been recognized in equity will then be reversed and the gain or loss will be recognized in the income statement.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognized in the income statement and included in the net financial income/expenses.

Investments held to maturity are carried at amortized cost.

Inventories

Inventories, including work in progress, are valued at the lower of cost and fair value less costs to sell after provisions for obsolete inventories. The fair value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. Inventories are measured using the FIFO principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories have been fully recognized as impairment losses.

Non-current assets

Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally recognized in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognized in the balance sheet as additions to non-current assets.

Depreciation is calculated using the straight-line method over the following periods:

Machinery and equipment 3 - 5 years
Land and buildings > 10 years

The depreciation period and method are assessed each year to ensure that the method and period used harmonize with the financial realities of the non-current asset. The same applies to the scrap value.

Operating leases

Leases for which most of the risk rest with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement during the contract period.

Intangible assets

Intangible assets are recognized in the balance sheet if it can be proven that there are probable future economic benefits that can be attributed to the asset which is owned by the company, and the asset's cost price can be reliably estimated. Intangible assets are recognized at their cost price. Intangible assets with indefinite useful lives are not amortized, but impairment losses are recognized if the recoverable amount is less than the cost price. The recoverable amount is calculated each year or if there are any indications of a fall in value. Intangible assets with a finite useful life are amortized and any need for impairment losses to be recognized is considered. Amortization is carried out using the straight-line method over the estimated useful life. The amortization estimate and method will be subject to an annual assessment based on the pattern of consumption of future economic benefits.

Patents and licenses

Amounts paid for patents and licenses are recognized in the balance sheet and depreciated using the straight-line method over the expected useful life. The expected useful life of patents and licenses varies from 5 to 20 years.

Software

Expenses linked to the purchase of new computer programs are recognized in the balance sheet as an intangible non-current asset provided these expenses do not form part of the hardware acquisition costs. Software is depreciated using the straight-line method over 3 years. Expenses incurred as a result of maintaining or upholding the future usefulness of software are expenses as incurred unless the changes in the software increase the future economic benefit.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Goodwill

Goodwill

Excess value on the purchase of operations that cannot be allocated to assets or liabilities on the acquisition date is classified in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.

The identifiable assets and liabilities on the transaction date are to be recognized at fair value on the transaction date.

The allocation of costs in a business combination is changed if new information on the fair value becomes available and is applicable on the date when control is assumed. The allocation may be altered until the annual accounts are presented or prior to the expiry of a 12-month period.

Goodwill is tested annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

Negative goodwill

Negative goodwill upon the acquisition of operations is recognized in profit or loss after the acquired assets and liabilities have been re-identified and reassessed in order to ensure that the negative goodwill is not due to an error in the valuation of assets or liabilities.

Research and development

Expenses relating to research are recognized in the income statement when they are accrued. Expenses relating to development are recognized in the income statement when they are incurred unless the following criteria are met in full:

- the product or process is clearly defined and the cost elements can be identified and measured reliably;
- the technical solution for the product has been demonstrated;
- the product or process will be sold or used in the company's operations;
- the asset will generate future economic benefits; and
- sufficient technical, financial and other resources for completing the project are present.

When all the above criteria are met, the costs relating to development start to be recognized in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognized in the balance sheet.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

The amortization period will normally not exceed five years.

Impairment of assets

Financial instruments

Financial instruments are reviewed at each balance sheet date in order to discover any decrease in value.

Financial assets which are valued at amortized cost are written down when it is probable that the company will not recover all the amounts relating to contractual issues for loans, receivables or hold-to-maturity investments. The amount of the impairment loss is recognized in the income statement.

Any reversal of previous impairment losses is recognized when a reduction in the need to write down the asset can be related to an event after the impairment loss has been recognized. Such a reversal is presented as income. However, an increase in the carrying amount is only recognized to the extent that it does not exceed what the amortized cost would have been if the impairment loss had not been recognized.

For financial assets that are classified as available for sale, the accumulated gain or loss that has been previously recognized directly in other comprehensive income is recognized in the income statement for the period when objective information on the fall in value is available. That part of the debt instrument that can be recovered is valued at the fair value of the future cash flow discounted at a rate equal to the yield on an identical financial asset. A reversal of a previous impairment loss is recognized when there is new objective information on an event relating to a previous impairment loss. A reversal of a previous impairment loss is recognized directly in other comprehensive income for equity instruments, but is recognized in the income statement for other financial assets.

Other assets

An assessment of impairment losses on other assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity to which the assets belong.

With the exception of goodwill, impairment losses recognized in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. The reversal is recognized as revenue or an increase in other reserves. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality.

Interest, dividends, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or revenue. Amounts distributed to holders of financial instruments which are classified as equity will be recognized directly in equity.

Other equity

(a) Exchange differences reserve

Exchange differences arise in connection with currency differences when foreign entities are consolidated.

Currency differences relating to monetary items (liabilities or receivables), which are in reality part of a company's net investment in foreign entities are treated as exchange differences.

When a foreign operation is sold, the accumulated exchange differences linked to the entity are reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

(b) Hedge reserve

The hedge reserve includes the total net change in the fair value of the cash-flow hedge until the hedged cash flow arises or is no longer expected to arise.

Provisions

Provisions are recognized when, and only when, the company has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

Contingent liabilities acquired upon the purchase of operations are recognized at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognized in the income statement.

Employee benefits**Defined contribution plan**

All Group companies have pension schemes based on contributions from the company to the employees. The companies' payments are recognized in the income statements for the year to which the contribution applies. The companies have no further commitments towards pensions when the agreed contributions are paid.

Defined benefit plans

The Norwegian entities have uninsured pension liabilities related to future estimated obligations of AFP (early retirement scheme covering all employees in Norway).

The pension liabilities are calculated by actuaries each year. The pension commitments and pension costs are determined using a linear accrual formula. A linear accrual formula distributes the accrual of future pension benefits in a straight line over the accrual period, and regards the employees' accrued pension rights during a period as the pension costs for the year. The introduction of a new defined benefit plan or any improvement to the present defined benefit plan leads to changes in the pension commitments. These are recognized as expenses in a straight line until the effect of the changes has been accrued. The introduction of new schemes or changes to existing schemes that take place with retroactive force so that the employees have immediately accrued a paid-up policy (or a change in a paid-up policy) is recognized in the income statement immediately. Gains or losses linked to reductions in or terminations of pension plans are recognized in the income statement when they arise. Actuarial gains and losses at year-end are booked against the equity so that the full pensions liability is shown in the balance sheet at year-end.

The pension commitments are calculated on the basis of the present value of future cash flows.

The company's right of reimbursement regarding some or all of previous costs relating to the termination of a defined benefit plan is recognized in the income statement when, and only when, the reimbursement is certain. A separate asset is then recorded and measured at its fair value.

The Norwegian Group companies participate in the unfunded LO/NHO program where all employees may choose to retire early retirement from 62 years (AFP). This scheme was closed in February 2010 and it was only possible to start early retirement under the old scheme until December 31, 2010. The gain on the termination of the arrangement is recognized in 2010 as a reduction of payroll expenses in the income statement. The remaining provision is related to two elements; individuals who are early retirees in the old scheme and a provision related to an estimate of premiums for the coming two years.

As a replacement for the old pension scheme, it is established a new pension scheme. The new pension scheme is, unlike the old, not an early retirement scheme, but a scheme that provides a lifelong addition to the regular pension. Employees can choose to use the new pension scheme from the age of 62, also next to stand in the job, and it provides additional vesting at work until the age of 67. The new pension scheme is a defined benefit multi-employer pension plan, financed through premiums that are determined as a percentage of salary.

Severance pay

In some countries, the companies are obliged by law to provide severance pay for redundancies due to reductions in the workforce. The costs relating to severance pay are set aside once the management has decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to the employees.

Share options

The fair value of the share options is measured at the grant date and the cost is recognized in the income statement, together with a corresponding increase in other paid-in capital, over the period in which the performance and/or service conditions are fulfilled. The fair value is calculated using a Black & Scholes model.

Government grants

Grants from the authorities are not recognized until it is virtually certain that the company will meet the conditions stipulated in connection with the receipt of the grants and that the grants will be granted. The recognition of grants is postponed and amortized over the same period the costs which the grants are intended for, are incurred. Grants are recognized as deductions from the cost that the grant is meant to cover. Grants received to buy non-current assets are capitalized.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all taxable temporary differences, with the exception of:

- goodwill for which amortization is not deductible for tax purposes
- temporary differences relating to investments in subsidiaries, associates or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognized when it is probable that the company will have a sufficient profit for tax purposes to utilize the tax asset. At each balance sheet date, the Group carries out a review of its unrecognized deferred tax assets and the value it has recognized. The companies recognize formerly unrecognized deferred tax assets to the extent that it has become probable that the company can utilize the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilize these.

Deferred tax and deferred tax assets are measured on the basis of the decided future tax rates applicable to the companies in the Group where temporary differences have arisen.

The tax payable and deferred tax is recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

Contingent liabilities and assets

Contingent liabilities are defined as

- i) possible obligations resulting from past events whose existence depends on future events
- ii) obligations that are not recognized because it is not probable that they will lead to an outflow of resources
- iii) obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements. Significant contingent liabilities are stated, with the exception of contingent liabilities where the probability of the liability occurring is remote. A contingent asset is not recognized in the annual financial statements, but is stated if there is a certain level of probability that a benefit will accrue to the Group.

Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquiree over the net amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in the income statement immediately. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement as financial income or expense. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Allocation of added value arising from a business combination is finalized within twelve months of completed acquisition.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the income statement.

Events after the balance sheet date

New information on the company's positions at the balance sheet date is taken into account in the annual financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date but which will affect the company's position in the future are stated if significant.

Use of estimates when preparing the annual financial statements

Estimates and their underlying assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses are based on historic experience and other factors considered reasonable under the circumstances. The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values cannot be derived from other sources.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, is given in the following notes:

- Impairment test for intangible assets (note 7)
- Depreciation and amortization periods for fixed assets and intangible assets (notes 7 and 9)
- Capitalized development cost/R&D cost (note 7 and 8)
- Taxes (note 5)
- Long term construction contracts (note 19)

The preparation of the Group's consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment of the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year are discussed below.

Intangible assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and capitalized development cost are tested for impairment annually and at other times when such indicators exist.

The Group's impairment test for goodwill and capitalized development cost is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the cash generating unit, including a sensitivity analysis, are further explained in note 7. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. This is especially relevant to capitalized development costs.

Capitalized development costs

Development expenditures are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group's intention to complete and the Group's ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The ability to measure reliably the expenditure during development.
- The availability of resources to complete the asset.

When all the above criteria are met, the costs relating to development start to be recognized in the balance sheet. Project manager performs a continuous assessment to identify whether the cost relates to the development project or to normal operations.

Internal hours used in the development project are capitalized at cost (no mark-up). Capitalized carrying amount for the development project amounts to MNOK 35.8 per 31.13.2013, see note 7. Costs that have been expensed in previous accounting periods are not recognized in the balance sheet.

Recognized development costs are depreciated on a straight-line basis over the estimated useful life for the asset, usually not exceeding 5 years. Depreciation starts when the asset is ready for use. No depreciation has yet been performed for the development projects. The fair value of the development costs will be calculated when there is an indicator of change in value.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Long term construction contracts

The percentage-of-completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work performed. The Group reviews the estimates of contract revenue and contract costs for ongoing projects on a monthly basis through its internal financial reporting processes. See note 19 for disclosures relating to construction contracts.

IFRS and IFRIC Interpretations not yet effective

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective, are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the two first phases of IASB's work on the replacement of IAS 39, which are classification and measurement of financial assets and financial liabilities and hedge accounting. Third and last phase of this project will address amortized cost measurement and impairment of financial assets. The mandatory effective date of IFRS 9 has been removed to allow sufficient time for entities to prepare to apply the new Standard. The IASB have decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion.

The Group will evaluate potential effects of IFRS 9 in accordance with the other phases as soon as the final standard, including all phases, is issued.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies for enterprises with interests in subsidiaries, joint arrangements, associates and structured entities. IFRS 12 replaces the disclosure requirements that were previously included in IAS 27 *Consolidated and Separate Financial Statements*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. Within the EU/EEA area, IFRS 12 is effective for annual periods beginning on or after January 1st 2014.

Annual Improvements 2011 – 2013

IASBs annual improvements project 2011 – 2013 includes amendments to a number of standards:

IFRS 13 Fair Value Measurement

The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts.

The Group does not expect that implementation of the amendments listed above will have a material effect on the financial statement of the Group on the date of implementation.

Note 2

Segment information

Business segments

For more detailed description and information about products and services included in the business areas, please go to "Products" at www.akvagroup.com and download the short version of the product catalogues.

Cage Based Technology

Main products include Polarcirkel, Wavemaster and Akvasmarts hardware brands such as: Plastic cages, steel cages, feed barges, feed systems, sensor- and camera systems, underwater lights and net cleaning systems. Various degrees of cage farming projects are also delivered in main export markets. These also include nets and mooring systems from other recognized sub-suppliers. Through Helgeland Plast AS in Norway, AKVA group also supplies polyethylene work boats and pipes to aquaculture and other industries.

Software

Main products include all Fishtalk software brands such as: Production control, planning, traceability and ERP software for both the aquaculture and the fishing industry. Main markets include Norway, Iceland, Canada, Chile and UK. AKVA group is the market leader in software both to the aquaculture and fishing industries in these markets. Main offices for the software activities are in Norway (Trondheim), Iceland (Reykjavik and Akureyri) and Canada (Halifax, NS).

Land Based Technology

Recirculation technology forms the main part of our Land Based Aquaculture Technology, which is developing into a major trend in global aquaculture. This technology allow the re-use (recirculation) of close to 100% of the water by cleaning the water and restoring important water quality parameters, using advanced water treatment technology. Main components used include mechanical filters, UV treatment, biofilters, degasser units, oxygenation, cooling/heating systems and lifting pumps. The main reason for reporting this separately is due to the very different nature of this business compared to the other more traditional part of AKVA group's business and products. Recirculation projects tend to be 10-20 times larger (in average project value) compared to other delivery projects (other AKVA group products). The sales process is substantially more complex and time consuming as it often requires extensive pre-project engineering, site evaluations and harder to get financing. Main subsidiaries in the Group for Land Based Technology are AKVA group Denmark A/S (Denmark) and Plastsveis AS (Norway).

Cage Based Technology (in NOK 1 000)	2013	2012	2011
Operating revenue	723 987	656 984	720 274
Operating expenses	693 508	636 357	657 740
Operating profit before depreciation and amortisation (EBITDA)	30 479	20 627	62 534
Depreciation and amortisation	26 047	26 494	24 329
Operating profit (EBIT)	4 432	-5 866	38 205
Assets	540 717	543 838	584 016
Liabilities	316 985	269 145	315 396
Investments in the period	26 599	28 186	20 607

Software (in NOK 1 000)	2013	2012	2011
Operating revenue	97 699	122 443	112 356
Operating expenses	78 248	79 717	101 105
Operating profit before depreciation and amortisation (EBITDA)	19 451	42 726	11 251
Depreciation and amortisation	5 362	2 189	7 101
Operating profit (EBIT)	14 089	40 537	4 150
Assets	76 975	52 513	43 208
Liabilities	3 100	21 195	8 661
Investments in the period	11 865	7 756	8 306

The sales of other items than professional services in this segment are immaterial.
The gain on the sale of Maritech business in Norway is included in operating income in 2012.

Land Based Technology (in NOK 1 000)	2013	2012	2011
Operating revenue	96 984	52 103	60 922
Operating expenses	100 009	57 640	72 754
Operating profit before depreciation and amortisation (EBITDA)	-3 025	-5 537	-11 832
Depreciation and amortisation	1 679	2 429	1 270
Operating profit (EBIT)	-4 704	-7 966	-13 102
Assets	104 289	76 225	94 439
Liabilities	63 040	56 962	73 836
Investments in the period	1 383	1 873	1 061

The sales of services in this segment are immaterial.

TOTAL (in NOK 1 000)	2013	2012	2011
Operating revenue	918 670	831 530	893 552
Operating expenses	871 765	773 714	831 600
Operating profit before depreciation and amortisation (EBITDA)	46 905	57 816	61 953
Depreciation and amortisation	33 088	31 112	32 700
Operating profit (EBIT)	13 817	26 704	29 253
Assets	721 981	672 576	721 663
Liabilities	383 125	347 302	397 892
Investments in the period	39 847	37 814	29 975

Note 2 continues

2013

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	456 187	154 056	22 841	51 917	51 732	181 936	918 670
Assets	407 280	150 356	21 085	55 098	25 731	62 432	721 981
Investments in the period	23 353	3 933	169	6 950	4 231	1 211	39 847

2012

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	312 713	278 052	18 109	52 960	42 579	127 118	831 530
Assets	358 050	209 500	17 059	53 269	18 850	15 847	672 576
Investments in the period	21 519	4 695	-	7 499	2 945	1 157	37 814

2011

Geographical information (in NOK 1 000)	Norway	Chile	Canada	Scotland	Iceland	Other	Group
Operating revenue - external customers	375 481	251 616	22 610	75 140	39 917	128 787	893 552
Assets	367 489	237 986	23 583	38 710	23 000	30 895	721 663
Investments in the period	20 531	2 453	540	1 931	4 081	439	29 975

Revenues by customer

The revenue from the 5 largest customers within all segments and geographic areas are as follows:

Revenues by customer (in NOK 1 000)	2013	2012	2011
Customer A	85 964	41 721	74 657
Customer B	44 375	39 192	55 458
Customer C	38 525	37 267	25 939
Customer D	31 971	32 953	25 201
Customer E	27 582	28 967	22 170

Note 3**Wages and remunerations**

Payroll expenses (in NOK 1 000)	2013	2012	2011
Salaries	201 764	195 374	153 691
Payroll tax	12 164	11 197	13 331
Pension costs	7 165	4 801	4 692
Other benefits	8 236	6 425	8 547
Total payroll expenses	229 329	217 797	180 260

Number of employees at year end:

The average number of employees in full time equivalent in the group during the year is:

Remuneration to group management 2013 (in NOK 1 000)	Salary	Pension	Other	Bonus	Options	Total
Trond Williksen (CEO)	2 102	67	130	250	-	2 549
Eirik Børve Monsen (CFO)	1 324	64	14	125	-	1 527
Per Andreas Hietland (COO Nordic)	1 216	69	23	119	-	1 426
Trond Severinsen (COO Export & CMO)	1 044	68	128	29	-	1 269
Odd Martin Solem (COO Technology & Software)	1 031	65	8	130	-	1 234
Andrew Campbell (COO Americas)	1 160	-	64	75	-	1 299

The agreed remuneration for Trond Williksen is an annual fixed salary of MNOK 2.136. He is also entitled to full payment during sick leaves up to 52 weeks and a monthly car allowance of KNOK 10. Trond Williksen is granted 120 000 share options, he has a 3 years bonus arrangement limited up to 100% of the annual salary in the three year period and he is part of a 10 year's loyal incentive scheme where a defined group of key employees divide equally 4 percent of AKVA group's accumulated EBT at the end of the 10 year period. Williksen can claim 12 months of salary if his contract is terminated.

Loan and pledge

The Group has not given any loans or pledges to members of the Board or group management as of December 31st.

Stock options

A stock option plan was introduced in 2006. The remuneration related to options is a calculated theoretical amount based on the time value in the option period. There has been no exercises of options in 2013, neither any payments in connection with the option plan. No options have been granted during 2013. See details of stock options to group management in note 14 and also note 21.

Remuneration to group management 2012 (in NOK 1 000)	Salary	Pension	Other	Bonus	Options	Total
Trond Williksen (CEO)	2 008	64	130	-	-	2 202
Eirik Børve Monsen (CFO)	1 136	62	15	-	-	1 212
Per Andreas Hietland (COO Nordic)	1 171	66	12	77	-	1 326
Trond Severinsen (COO Export & CMO)	1 000	65	142	73	-	1 280
Odd Martin Solem (COO Technology & Software)	979	63	9	120	-	1 170
Andrew Campbell (COO Americas)	1 139	-	121	199	-	1 459

Note 3 continues

Remuneration to group management 2011 (in NOK 1 000)	Salary	Pension	Other	Bonus	Options	Total
Trond Williksen (CEO) *	1 438	48	108	-	-	1 594
Eirik Børve Monsen (CFO) *	251	5	-	-	-	256
Per Andreas Hietland (COO Nordic)	1 130	59	22	-	-	1 211
Trond Severinsen (COO Export & CMO)	979	60	141	-	-	1 180
Odd Martin Solem (COO Technology & Software)	904	57	10	-	-	971
Andrew Campbell (COO Americas)	1 070	-	118	-	-	1 188
Morten Nærland (former CFO)	1 005	44	11	-	-	1 060
Arve Ouff (acting CFO)	828	46	13	-	-	887
Stig Martin Bø (Sales Manager Nordic)	799	47	167	-	-	1 013

* Trond Williksen assumed his position at 1st of March 2011. Eirik Børve Monsen assumed his position at 16th of December 2011.

Fees to the Board of Directors	Position	2013	2012	2011
Hans Kristian Mong	Chairperson of the Board	233	63	-
Anne Breiby	Deputy Chairperson of the Board	183	140	112
Frode Teigen	Member of the Board	131	125	125
Aino Kristin Lindal Olaisen	Member of the Board	135	63	-
Ingvald Løvning	Member of the Board	63	-	-
Kjell A. Corneliussen	Member of the Board	30	30	30
Eivind Brendryen	Member of the Board	25	25	-
Tore Obrestad	Member of the Board	30	30	30
Amund Skarholt	Former Chairperson of the Board	160	325	369
Thorhild Widvey	Former member of the Board	-	73	140
Thore Michalsen	Former member of the Board	-	73	140
Steinar Mykløv	Former member of the Board	-	5	30

Kjell A. Corneliussen, Eivind Brendryen and Tore Obrestad are elected amongst the employees and are the employee representatives in the Board of Directors. In addition to the board fee they have all received salary, pension contribution and other remunerations. Kjell A. Corneliussen has in 2013 received KNOK 682 in salary, KNOK 37 in contribution to the pension scheme and KNOK 43 in other remuneration. Eivind Brendryen has in 2013 received KNOK 829 in salary, KNOK 47 in contribution to the pension scheme and KNOK 28 in other remuneration. Tore Obrestad has in 2013 received KNOK 753 in salary, KNOK 40 in contribution to the pension scheme and KNOK 172 in other remuneration.

Establishment of salaries and other remuneration to executive management

The remuneration of the executive management is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the executive management.

As the leading aquaculture technology supplier, AKVA group is dependent to offer salaries and remunerations that secure that the most competent management is recruited. It is the policy of the Board of Directors that in order to recruit the most competent management, the company has to offer salaries and remunerations which are satisfactory to the management and are able to compete in an international market.

The Board of Directors has established a remuneration committee which shall act as a preliminary organ in relation to the Board's role in the establishment of remuneration to the Chief executive officer and other members in the group management.

It is the company's policy that the remuneration of the executive management principally is based on a fixed monthly salary which reflects the tasks and responsibility of the employment. This remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:

- Experience and competence of the executive manager
- Responsibility
- Competition from the market

Total variable remuneration shall not in normal cases exceed the value of the fixed remuneration. AKVA group introduced in 2006 a stock option plan. Stock options are granted to the executive management and other senior employees.

The agreed pension plan is the same for the executive management as for the rest of the Norwegian employees.

Salary payments after termination of employment is normally related to confidentiality and restrictive competitor agreements in which these payments shall only compensate for the constraints to the resigned employees' permission to enter into a new employment agreement. Agreements of payment after termination of employment shall as a basis be reduced with salaries from other employees. AKVA group ASA does not use agreements of salary payments after termination of employment without a distinct reason.

Fees to auditor (in NOK 1 000)	2013	2012	2011
Audit	1 305	1 135	1 262
Tax services	708	709	187
Attestation services	39	12	13
Other services	63	127	474
Total	2 115	1 983	1 936
Hereof recorded against acquisition cost of purchased companies	-	-	-

All fees to the auditor is excluded of VAT.

Note 4

Government grants and subsidies

Government grants (in NOK 1 000)	2013	2012	2011
"Skattefunn"	767	970	1 149
Other	101	967	901
Total	868	1 937	2 050

Note 5

Taxes

Tax expense (in NOK 1 000)	2013	2012	2011
Current taxes payable	1 317	921	542
Adjustment related to previous year	-194	109	-297
Change in deferred taxes	325	6 075	2 527
Effect of change in tax rate in Norway from 28 % to 27 %	746	-	-
Total tax expense	2 193	7 105	2 771

The change in deferred taxes is larger than what is reflected in the income tax expense. The main reason for this is deferred tax acquired in business combination.

Calculation of the basis for taxation

Profit before tax	4 567	17 379	14 256
Permanent differences	388	9 871	-18 295
Change in temporary differences related to revaluations and acquisitions	-608	-	-
Change in temporary differences	-1 938	-16 986	25 605
Change in permanent differences related to acquisitions	2 544	-	-
Tax base	4 953	10 263	21 566

Specification of temporary differences

Current assets	-2 438	-7 158	-7 062
Fixed assets	57 392	42 985	39 756
Provisions	-16 085	-14 963	-16 993
Pension obligations	-69	-1 092	-589
Losses carried forward	-174 401	-167 717	-154 219
Other	-12 163	-1 758	-30 146
Total	-147 764	-149 702	-169 253
Calculated deferred tax assets	36 448	39 310	44 695
Effect of change in tax rate in Norway from 28 % to 27 %	746	-	-
Deferred tax asset not recognised in balance sheet	-12 077	-9 357	-8 667
Deferred tax asset	25 117	29 953	36 028

The Group has a tax loss carry forward of MNOK 174.4 whereof MNOK 170.4 is available indefinitely for offset against future taxable profits of the companies in which the losses arose. The deferred tax asset recognized in the balance sheet is made probable due to future earnings in the subsidiaries and tax planning.

Effective tax rate (in NOK 1 000)	2013	2012	2011
Expected income taxes, statutory tax rate of 28%	1 279	4 866	3 992
Permanent differences (28%)	109	2 764	-5 123
Effect of change in tax rate and revaluation	-2 332	-	-
Deviation between Norwegian and foreign tax rate	384	-1 326	7 188
Excess(-)/insufficient(+) provisions in former years	34	109	-471
Change in non-recognised deferred tax asset	2 720	691	-2 815
Income tax expense	2 193	7 105	2 771
Effective tax rate in percent of profit before tax	48,0 %	40,9 %	19,4 %

Expiry dates of Tax Loss Carry Forwards

2014	-392
2015	-1 026
2016	-304
2017	-975
2018	-464
2019	-887
Tax loss carryforwards without time restrictions	-170 354
Total	-174 401

About 50 % of the tax loss carry forwards is related to Norwegian tax jurisdiction. The Norwegian companies included in the group are expected to have positive earnings in the coming years and the tax loss carry forwards can be offset against these profits. The current market conditions look promising for the salmon industry worldwide.

Note 6

Net earnings per share

	2013	2012	2011
Ordinary profit / net income (in NOK 1 000)	2 875	10 274	11 485
Number of ordinary shares outstanding as of 31.12.	25 834 303	25 834 303	25 834 303
Weighted average number of ordinary shares	25 834 303	25 834 303	21 528 586
Earnings per share (NOK)	0,11	0,40	0,53
Diluted number of shares	25 834 303	25 834 303	21 528 586
Diluted earnings per share	0,11	0,40	0,53

The number of ordinary shares was increased by a share issue effective of June 30th 2011. The number of shares increased with 8 611 434 shares. The diluted number of shares is calculated based on the stock option plan introduced in 2006 and on the number of options in the money at the end of the year.

At 31.12.2013 diluted number of shares was equal to number of ordinary shares. See note 21 Options to employees.

Note 7

Intangible assets (in NOK 1 000)

2013	Goodwill	Development costs	Product rights, patents & trademarks	2013 Total
Acquisition cost at 01.01.	159 531	93 097	110 469	363 097
Additions related to investments in subsidiaries	11 573	-	1 365	12 938
Acquisition cost during the year	538	16 487	-	17 025
Revaluations	6 770	2 467	1 358	10 595
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	178 413	112 050	113 192	403 655
Accumulated amortisation at 01.01.	395	64 576	96 879	161 850
Amortisation during the year	-	10 287	4 235	14 522
Revaluations	-	1 419	152	1 570
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	395	76 281	101 265	177 941
Net book value at 31.12.	178 018	35 769	11 926	225 714

2012	Goodwill	Development costs	Product rights, patents & trademarks	2012 Total
Acquisition cost at 01.01.	163 131	80 260	110 554	353 945
Additions related to investments in subsidiaries	-	-	-	-
Acquisition cost during the year	-	15 813	-	15 813
Revaluations	-3 600	-1 008	-85	-4 692
Disposals during the year	-	-1 968	-	-1 968
Acquisition cost 31.12.	159 531	93 097	110 469	363 097
Accumulated amortisation at 01.01.	395	54 377	89 617	144 389
Amortisation during the year	-	10 668	3 773	14 441
Revaluations	-	-469	3 489	3 020
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	395	64 576	96 879	161 850
Net book value at 31.12.	159 136	28 521	13 590	201 247

2011	Goodwill	Development costs	Product rights, patents & trademarks	2011 Total
Acquisition cost at 01.01.	165 656	68 417	110 784	344 857
Additions related to investments in subsidiaries	283	-	-	283
Acquisition cost during the year	-	12 520	-	12 520
Revaluations	-2 808	-677	-231	-3 717
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	163 131	80 260	110 554	353 944
Accumulated amortisation at 01.01.	395	43 902	84 615	128 912
Amortisation during the year	-	10 714	7 232	17 947
Revaluations	-	-240	-2 230	-2 469
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	395	54 377	89 617	144 389
Net book value at 31.12.	162 736	25 883	20 937	209 556

Both the parent company and the subsidiaries use linear amortization of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Note 7 continues

Goodwill:

After the acquisition of Wavemaster, Polarcirkel, Maritech, UNI Aqua, Idema and Plastsveis, AKVA group is a leading provider with a strong market position in an industry which is based on renewable resources. See impairment test of goodwill below.

Development Costs:

The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Patents & trademarks:

The acquisition cost is related to the acquisition of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007), Idema Aqua (2008) and Plastsveis (2013).

Impairment test of goodwill:

Intangible assets with indefinite useful life and goodwill are not amortised. However, these assets are tested annually for impairment. Goodwill acquired through business combinations have been allocated to the following cash-flow generating units:

Book value of goodwill:	2013	2012	2011
CAGE BASED TECHNOLOGY			
Plastic cages	49 203	49 199	49 211
Steel cages	41 197	40 064	40 537
Idema	26 621	26 621	26 621
SOFTWARE			
Software and IT-services	32 440	28 397	30 807
LAND BASED TECHNOLOGY			
Uni recirculation	28 558	14 855	15 561
Total	178 018	159 136	162 736

The recoverable amount for the different cash-generating units is determined using cash flow projections from financial budgets approved by the Board of Directors. The after-tax discount rate applied to cash flow projections is respectively 8,95 %, 8,96 % and 8,96 % for Cage Based Technology, Software and Land Based Technology. A variation of +/- 1% does not materially affect the conclusion. Cash flow beyond a five year period are extrapolated using a 3.0% growth rate. Using a pre-tax discount rate would have immaterial effect on the estimated recoverable amount.

Key assumptions used for calculations:

- Discount rates - 8.95% - 8.96%
- Gross margin - the rates are only with immaterial changes based on achieved gross margins during the last three years, and is aligned with achievements the last year. It is assumed the gross margin will be stable in the years to come. Raw material prices - it is expected that any change in the raw material prices during a reasonable time period will be reflected in product market prices and thus not have any material effect on achieved gross margins
- Market share during the period - the calculations are based on the assumption that market share will not change significantly from the date of the calculation
- Growth rate - the aquaculture industry is expected to have a high growth in the foreseeable future. The applied growth reflects these expectations to some extent.

There is assumed that the recovery in the Chilean salmon industry will stabilize on a slightly lower level compared to 2012, this affecting the impairment test of the goodwill related to Wavemaster. Currently, the salmon industry is an important basis of the revenues of the company. Due to the expected cyclicity of this industry the growth rate can vary significantly from year to year.

Sensitivity to changes in assumptions IAS 36.134(f)

With regards to the assessment of value-in-use of the different cash flow generating units management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount short term.

Note 8 Research and development

During the year the Group expensed MNOK 19.5 (MNOK 18.2 in 2012 and MNOK 20.7 in 2011) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

Note 9**Tangible fixed assets** (in NOK 1000)

	Land and building	Machinery and equipment	Total
2013			
Acquisition cost at 01.01.	7 615	112 928	120 543
Additions from investment in Plastsveis AS	-	8 128	8 128
Additions during the year	56	23 304	23 360
Revaluations	-	3 856	3 856
Disposals during the year	-29	-1 278	-1 307
Acquisition cost 31.12.	7 642	146 939	154 580
Accumulated depreciation 01.01.	4 670	70 110	74 780
Accumulated depreciations from acquisition	-	4 969	4 969
Depreciation during the year	168	18 398	18 566
Revaluations	-	2 014	2 014
Accumulated depreciation disposals during the year	-	-753	-753
Accumulated depreciation 31.12.	4 838	94 739	99 577
Net book value 31.12.	2 804	52 200	55 003

Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:

> 10 3-5

	Land and building	Machinery and equipment	Total
2012			
Acquisition cost at 01.01.	6 535	95 631	102 166
Additions during the year	-	21 877	21 877
Revaluations	1 099	-2 479	-1 380
Disposals during the year	-19	-2 101	-2 120
Acquisition cost 31.12.	7 615	112 928	120 543
Accumulated depreciation 01.01.	4 529	55 698	60 227
Depreciation during the year	141	16 530	16 671
Revaluations	-	-1 001	-1 001
Accumulated depreciation disposals during the year	-	-1 117	-1 117
Accumulated depreciation 31.12.	4 670	70 110	74 780
Net book value 31.12.	2 945	42 818	45 763

Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:

> 10 3-5

	Land and building	Machinery and equipment	Total
2011			
Acquisition cost at 01.01.	6 535	81 572	88 107
Additions related to investments in subsidiary during the year	-	17 454	17 454
Additions during the year	-	-1 614	-1 614
Disposals during the year	-	-1 780	-1 780
Acquisition cost 31.12.	6 535	95 631	102 166
Accumulated depreciation 01.01.	4 388	42 113	46 501
Accumulated depreciation acquired companies	141	14 612	14 753
Depreciation during the year	-	-586	-586
Accumulated depreciation disposals during the year	-	-442	-442
Accumulated depreciation 31.12.	4 529	55 698	60 227
Net book value 31.12.	2 006	39 933	41 939

Both the parent company and the subsidiaries use linear depreciation for all tangible assets. The useful economic life (in years) is estimated to:

> 10 3-5

Note 10

Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

Subsidiaries consolidated in the group accounts Company	Acquisition year	Location	Share ownership	Voting rights
AKVA group North America Inc.	1995	Canada	100 %	100 %
AKVA group Scotland Ltd.	1997	Scotland	100 %	100 %
AKVA group Software AS	1997	Norway	100 %	100 %
AKVA group Chile S.A.	1998	Chile	100 %	100 %
AKVA Ltd ¹⁾	1998	Scotland	100 %	100 %
AKVA AS	2001	Norway	100 %	100 %
AKVAsmart Ltd. (Turkey)	2005	Turkey	100 %	100 %
Helqeland Plast AS	2006	Norway	100 %	100 %
Wise Lausnir ehf ²⁾	2007	Iceland	100 %	100 %
AKVA group Denmark A/S	2007	Denmark	100 %	100 %
AKVA group SEA	2008	Thailand	100 %	100 %
Polarcirkel AS	2010	Norway	100 %	100 %
WiseDynamics Inc. ³⁾	2011	Canada	100 %	100 %
Plastsveis AS	2013	Norway	70 %	70 %

¹⁾ Subsidiary of AKVA group Scotland Ltd.

²⁾ Renamed in 2013 from Maritech ehf

³⁾ Subsidiary of Wise Lausnir ehf

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Owner- ship
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Other investments	NOK				250	<5 %
Total					503	

Note 11

Stock

Stock (in NOK 1 000)	2013	2012	2011
Raw materials (at cost)	38 611	66 130	85 762
Work in progress (at cost)	3 949	22 065	19 657
Finished goods (at net realisable value)	101 628	73 540	69 500
Total	144 188	161 736	174 919
Write-down of obsolete stock 1.1	1 894	1 321	822
Write-down of obsolete stock during the year	1 684	571	495
Write-down of obsolete stock 31.12	3 578	1 892	1 317

The write down of obsolete stock at year end is related to finished goods.

Note 12

Receivables (in NOK 1000)

Receivables due in more than one year	2013	2012	2011
Other long-term receivables	4 505	1 287	1 527
Total	4 505	1 287	1 527

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

Bad debt provisions	2013	2012	2011
Bad debt provision 1.1	11 755	8 600	9 034
Increase in bad debt provision related to acquisitions	187	-	-
Change for the year	-1 603	3 202	1 330
Used from the provision	276	-48	-1 764
Unused amounts reversed	-1 158	-1	-1
Bad debt provision 31.12.	9 456	11 754	8 600
Recorded bad debt cost during the year	1 494	255	1 628
Change in bad debt provision	-2 952	3 539	-298
Total bad debt cost during the year	-1 458	3 794	1 330

Of the recorded bad debt cost during the year all was covered by bad debt provision.

Reference is made to note 18 for more details of credit and currency risk related to accounts receivables.

As of 31.12. the Group had the following ageing profile of outstanding accounts receivables:

	Total	Not due	Due <30 days	Due 31-60 days	Due 61-90 days	Due > 91 days
2013	155 539	74 433	36 867	9 396	7 394	27 449
2012	163 133	65 238	38 990	15 132	5 400	38 374
2011	177 601	88 600	18 082	24 216	26 083	20 619

Note 13

Bank deposits (in NOK 1000)

	2013	2012	2011
Restricted bank deposits	6 509	5 270	6 502
Overdraft limit	94 000	90 000	68 289
Utilised end of year	56 475	57 014	60 600

Note 14

Shareholders

AKVA group ASA

The company's share capital is MNOK 25.8 divided into 25.8 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

	Number of shares	Ownership in % of total shares
The 20 largest shareholders at 31.12.		
Eaersund Group AS	22 583 655	87,42 %
Knut Molauq	404 838	1,57 %
MP Pension PK	380 000	1,47 %
Ole Molauq Eiendom AS	338 692	1,31 %
Ole Molauq	167 192	0,65 %
Havbruksconsult AS	166 000	0,64 %
Gunnar Kluge	153 590	0,59 %
UBS AG Zurich A/C Omnibus-Disclose	111 000	0,43 %
Anne Helga Nedrebø	101 750	0,39 %
Ingrid Havrevoll	99 750	0,39 %
Odd Skiæveland	75 750	0,29 %
Berqrljot Molauq Gilie	67 644	0,26 %
Ingrid Molauq	66 950	0,26 %
Jan Arve Gjøvik	63 961	0,25 %
Arne M. Faerheim	54 478	0,21 %
Bernhard Kielland	52 079	0,20 %
Thomas Fidel Quinther	50 220	0,19 %
Gunhild Helen Molauq	48 300	0,19 %
Aksel Kverneland	40 164	0,16 %
Reinkind AS	40 000	0,15 %
Other shareholders	768 290	2,97 %
Total	25 834 303	100,00 %

	Number of shares	Options
Shares owned by members of the Board of Directors		
Frode Teiqen and Hans Kristian Monq as owners of Eaersund Group AS*	22 583 655	-
Anne Breiby (Kierby AS)	13 800	-
Tore Obrestad	2 368	-
Kjell Arne Corneliussen	200	-
Eivind Brendryen	200	-

* Frode Teiqen, through Kontrari AS, and Hans Kristian Monq ownes 50 % each in Eaersund Group AS

	Number of shares	Options
Shares owned by group management		
Trond Williksen (CEO)	40 000	120 000
Eirik Børve Monsen (CFO)	20 000	-
Per Andreas Hjetland (COO Nordic)	2 500	-
Trond Severinsen (COO Export & CMO)	22 425	-

Note 15

Pensions (in NOK 1000)

The pension schemes in all the Norwegian legal entities are defined contribution plans where agreed contributions are expensed as paid. The companies have no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2013	2012	2011
Contributions expensed during the year	5 776	3 446	4 030

Benefit plans

The Norwegian legal entities also have uninsured pension liabilities related to future estimated obligations of AFP (early retirement scheme covering some employees in Norway). The remaining obligation is related to the pensioners in the old AFP scheme, ref note 1; Employee benefits. As of December 31st the pension liability is MNOK 0.18 and considered insignificant.

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the group has no other defined benefit plans other than an unsecured early retirement scheme (AFP) there are no plan assets.

The Group expects to contribute MNOK 1.23 to its defined benefit pensions plan in 2014.

A listing of the major categories of plan assets as a percentage of the fair value of total plan assets, ref IAS 19.120A, is not applicable for the group since the benefit plans are related to unsecured AFP pension scheme and hence there are no plan assets.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

Note 16

Liabilities (in NOK 1 000)

Long-term liabilities due in more than 5 years	2013	2012	2011
Liabilities to financial institutions	77 000	-	11 661
Total	77 000	-	11 661
	2013	2012	2011
Liabilities secured with assets	132 888	143 361	195 548
Secured assets:	2013	2012	2011
Accounts receivable	27 152	30 998	39 320
Stock	82 889	74 249	73 238
Other assets	250 000	250 000	250 000
Total	360 041	355 247	362 558

As of December 31st 2013 bank guarantees of MNOK 47.5 is issued on behalf of the Group.

Repayment of debt

AKVA group ASA refinanced the long-term debt according to a stock exchange notice of December 10th 2013. The company's long-term debt as of new financing in Danske Bank matures as follows:

	Long-term debt
2014*	10 625
2015	12 467
2016	12 166
2017	12 105
2018 st	8 000
Subsequent to 2018	77 000
Total long-term debt	132 363
Average interest rate	3,71 %

*As of December 31st 2013 an amount of MNOK 20.85 of the long-term debt due within one year is, in accordance with IFRS, reclassified to short-term interest bearing debt in the balance sheet. The classification between short- and long-term debt listed above is according to new financing in Danske Bank and deviates from figures in the balance sheet.

Loan covenants to Danske Bank

In the loan documents from Danske Bank and Innovasjon Norge the following loan covenants are set:

- The ratio net interest-bearing debt over twelve months rolling EBITDA < 3,75 for 2014
- The ratio net interest-bearing debt over twelve months rolling EBITDA < 3,50 for 2015 and onwards
- Equity share for AKVA group ASA > 30%
- Equity in NOK > 250 million

December 31st 2013.

Net interest-bearing debt over twelve months rolling EBITDA was 1.6 as of December 31st 2013.

The equity share in AKVA group ASA was 63.6 % as of December 31st 2013.

The Group was compliant with all covenants in 2013 except as of March 31st when we had a temporary breach which the bank accepted.

The long term debt facilities are all based on market conditions. The interest rate is a floating rate and it is based on NIBOR + a margin.

The loan from Innovasjon Norge is based on market conditions. This loan amounts to MNOK 16.4 as of December 31st 2013.

See note 23 for more details about the refinancing in Danske Bank.

Note 17

Specifications of item that are grouped in the financial statement

(in NOK 1 000)

Financial Income	2013	2012	2011
Other interest income	609	1 413	999
Gain on sale	852	485	-
Other financial income	381	61	713
Total financial income	1 841	1 958	1 711

Financial Expenses	2013	2012	2011
Interest expenses	8 224	9 584	12 399
Gain on sale	-	-	2 757
Other financial expenses	2 867	1 699	1 552
Total financial expenses	11 091	11 284	16 708

Other operating expenses	2013	2012	2011
Accommodation, materials, equipment and maintenance	38 906	38 088	42 859
Marketing, travelling and communication	29 762	25 183	25 320
Other operating expenses	17 164	19 352	15 998
Total other operating expenses	85 832	82 623	84 176

Other current liabilities	2013	2012	2011
Accrued costs	38 409	16 423	15 120
Warranty provisions	6 608	3 909	6 660
Other current liabilities	40 597	21 526	26 738
Total other current liabilities	85 613	41 857	48 518

Note 18**Financial instruments and risk management** (in NOK 1000)**Determination of fair value**

The fair value of financial assets classified as "available for sale" and "financial assets at fair value through profit or loss" is determined by reference to published price quotations in an active market. For unquoted financial assets the fair value has been estimated using a valuation technique based on assumptions that are not supported by observable market prices.

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the abovementioned derivatives, the fair value is confirmed by the financial institution with which the group has entered into the contracts.

The following of the group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, other current receivables, overdraft facilities, long-term debts and "hold-to-maturity" investments.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.

The fair value of loan notes have been calculated using market interest rates.

The fair value of financial assets and liabilities recognised at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date. This applies to Loans to employees, refer to Note 3. Deposits to lessors under operating leases, refer to Note 20.

The fair value of "hold-to-maturity" investments (with the exception of deposits mentioned above) is determined using available market prices.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

	2013		2012		2011	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Financial assets						
Cash	58 330	58 330	36 797	36 797	37 232	37 232
Trade receivables	155 539	155 539	163 133	163 133	177 601	177 601
Other non-current assets	56 123	56 123	32 408	32 408	42 436	42 436
Other long-term financial assets	1 464	1 464	1 273	1 273	1 698	1 698
Financial liabilities						
Bank overdraft	56 475	56 475	57 014	57 014	60 600	60 600
Trade and other payables	174 570	174 570	123 213	123 213	133 552	133 552
Interest-bearing loans and borrowings						
Bank loans	76 414	76 414	86 347	86 347	122 317	122 317
Forward currency contracts	334	334	-1 854	-1 854	2 285	2 285

Fair value hierarchy

As December 31st 2013, the Group held financial instruments measured at fair value as mentioned below:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value	31.12.2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss:				
Foreign exchange contracts	334	-	334	-

There have been no transfers between Levels during the period.

Currency risk

As part of the international activity the Group's assets and liabilities as well as expected cash inflow and cash outflow are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the group had the following positions through forward contracts, all contracts with maturity in 2013:.

Currency (in 1 000)		Bought/sold	Net currency amount
American Dollar	USD	Sold	2 000
Danish Kroner	DKK	Sold	10 000
British Pound	GBP	Sold	3 150
Norwegian Kroner	NOK	Bought	53 485

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items. At the end of the year a loss of MNOK 1.586 was recorded as an unrealised gain. The forward contracts are valued at estimated fair value.

As the Group has revenues and costs denominated in different currencies the net value of the expected future cash inflow and cash outflow is exposed to changes in the currency rates. One way to reduce such risk is by using currency forward contracts. At the end of the year the group had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the first half of 2014 and hence be recognized in the income statement during the same period. All currency contracts expire in 2014.

Note 18 continues

Currency (in 1 000)		Bought/sold	
American Dollar	USD	Sold	397
Euro	EUR	Bought	3 869
Norwegian Kroner	NOK	Sold	28 766

At the end of the year it was recorded a gain of MNOK 1.251 directly against the equity related to hedging of expected future cash flow.

The forward contracts are valued at estimated fair value. When the expected cash flow is translated into an item in the balance sheet or actually takes place, the recorded profit loss booked directly against the equity is reversed and included in the income statement together with the actual cash item in question. Any non-effective part of the hedge is booked as currency loss or gain under financial items in the income statement.

In the long run it is not possible to hedge the effects of changing currency rates. In 2013 the Group had export sales of MNOK 143 of products which predominantly had its cost base in NOK. A 10% strengthening of the NOK would then decrease the earnings with about MNOK 14.3 before possible price increases in the market. About 53% of this exposure was related to sales in USD (sales mainly to the middle East and Chile), 24% related to sales in EUR (sales in Europe), and 10% related to sales in GBP (sales in UK).

To decrease this exposure the group is working towards a more flexible cost structure and have more diversified costs in terms of currencies.

Foreign currency sensitivity

In the management of foreign currency risk the company seeks to reduce the effect from currency rate changes on monetary assets and liabilities as well as the value of the future cash flows denominated in a foreign currency. Through the internal financing structure within the Group, most of the monetary asset and liability risk is allocated to the parent company, which also has most of the cash flow risk with regards to currency fluctuation. The major currencies are USD and EUR. Below it is made a partial analysis in order to do an estimate of the impact from a change in USD and EUR on the pre-tax profit and on the book equity at yearend.

31.12.2013	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	USD	EUR	USD
10 %	-1 065	-134	3 243	-241
-10 %	1 065	134	-3 243	241

31.12.2012	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	USD	EUR	USD
10 %	972	-33	4 154	0
-10 %	-972	33	-4 154	0

31.12.2011	KNOK effect on profit before tax by +10%/-10% change in		KNOK effect on book equity by +10%/-10% change in	
	EUR	USD	EUR	USD
10 %	614	1 647	No cash flow hedge as of 31.12. 2011	
-10 %	-614	-1 647	No cash flow hedge as of 31.12. 2011	

The effect on the profit before tax is the result of change in monetary assets and the financial instruments denominated in EUR and USD respectively. The effect on book equity is the effect from the change in fair value of currency contracts assigned to future cash flow hedge.

Interest rate risk

The Group's interest bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. The major part of the interest bearing debt is in NOK. To reduce the interest rate risk it is the strategy of the Group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the net interest bearing debt at year end interest cost would have been MNOK 1.3 higher with a 1% higher average interest rate during the year and MNOK 1.3 lower with a 1 % lower average interest rate during the year.

Credit risk

Part of the sale is credit sales where the Group is exposed to credit risk towards the customer. The Group has generally had low losses on outstanding receivables. For larger projects there are normally pre-payments from the customer and milestone payments along the progress of the project which reduce the credit risk towards the customers. To some extent the group uses trade finance instruments to reduce credit risk. For details of ageing of accounts receivables, see note 12.

Market risk

In 2013 about 77% of the revenues of the Group came from customers producing salmon. In 2012 the share was 81%. To decrease the Group's dependency of the salmon industry the group works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50% of the change in sales - a change in the revenues of the Group would have had the following impact on net income (25% tax rate used):

Note 18 continues

Change in sales	Change in net income/ equity (in NOK 1 000)
10 %	15 336
5 %	7 668
2 %	3 067
-2 %	-3 067
-5 %	-7 668
-10 %	-15 336

To further evaluate the group's sensitivity to changes in the different markets see more details in note 2 about market size.

Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholders value. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. In 2011 new shares were issued. No changes were made in number of shares, the objective policies or processes during the year 2013. The group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes convertible preference shares, equity attributable to equity holders of the parent less the net unrealized gains reserve.

(in NOK 1 000)	2013	2012	2011
Interest bearing debt	132 888	143 361	182 917
Less cash	58 330	36 797	37 232
Net debt	74 558	106 564	145 685
Equity	336 601	325 274	323 771
Total equity and net debt	411 159	431 838	469 456
Debt ratio	18 %	25 %	31 %

The equity share attributable to AKVA group ASA's shareholders was 46.6 % as of December 31st 2013.

Liquidity risk

The Group monitors its risk to a shortage of liquid funds using cash flow prognosis. The objective is to maintain a balance in the funding through the use of bank overdrafts, bank loans with different pay back periods, debentures and finance lease. The management follows the development of the working capital closely, because the development in the working capital has the most important impact on the liquidity situation on short term.

Financial risk management

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	57 807	9 478	44 934	77 000	189 220
Trade and other payables	14 107	89 682	-	183	-	103 972
Financial derivatives	-	69 721	20 195	-	-	89 917
Total	14 107	217 210	29 674	45 117	77 000	383 108

Interest-bearing loans and borrowings is presented with actual short term amounts at year end and new maturity profile in accordance with refinancing in Danske Bank for downpayments due in 3 months or more. The figures deviates from the balance sheet. See note 23 for more details about the refinancing in Danske Bank.

2012	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	52 408	14 160	67 005	1 041	134 614
Trade and other payables	17 233	72 215	6 910	-	-	96 358
Financial derivatives	-	68 362	49 074	-	-	117 436
Total	17 233	192 985	70 145	67 005	1 041	348 409

2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	67 678	20 306	98 482	11 933	198 399
Trade and other payables	20 074	78 278	9 849	12	-	108 212
Financial derivatives	-	47 114	29 033	-	-	76 147
Total	20 074	193 070	59 187	98 493	11 933	382 758

Note 19

Long-term contracts (in NOK 1000)

Revenue and profits on long-term contracts are recognized using the percentage of completion method. This method implies that profit is recognized according to the progress of the work, whereas any losses are fully recorded when incurred. Included in figures are primarily contracts on barges and cages, and only contracts valued over MNOK 3.0 are included.

	2013	2012	2011
Total revenues from long-term contracts	182 894	242 687	217 287
Total value of ongoing contracts 31.12.	477 471	142 095	205 120
Total sales included from ongoing contracts 31.12.	102 077	74 861	201 541
Not invoiced work-in-progress included as accounts receivables	184	37 611	41 287
Prepayments from customers	41 058	51 190	81 823
Remaining production on loss contracts 31.12.	0	0	269

Note 20

Leasing (in NOK 1000)

The Group has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost	2013	2012	2011
Operational leasing costs	7 288	8 751	7 646
Rent costs on buildings	16 762	13 368	13 978
Total	24 050	22 118	21 625

The future minimum rents related to non-cancellable operationable leases fall due as follows for the Group:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	2 283	5 461	2
Vehicles	3 855	1 801	1 734
Offices and buildings	14 861	40 195	5 162
Total	20 999	47 457	6 898

In 2012 the main office lease agreement (headquarter) was renewed for 5 years included an option to extend the lease for 2 more years. In 2013 the rent for main office was MNOK 3.1.

Financial leasing cost

The Group has entered into an insignificant share of financial leases.

Note 21

Options to employees (in NOK 1000)

The company has an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006. No options have been granted during 2013.

The outstanding options as of 31.12.2013 can be exercised from 01.01.2014 until 30.11.2014. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options is NOK 14.00 per share.

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years). KNOK 62 has been charged to equity in 2013 related to the option programme.

	2013	2012	2011
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year end	892 109	892 109	814 177
Options vested during the year	-	-	-
Outstanding options as per 31.12.	120 000	120 000	197 932

The fair value of the options has been estimated using the Black&Scholes option-pricing model. The average fair value of options granted is based on the following assumptions:

Strike price

The strike price is equal to the the stock exchange price at grant date.

Volatility

The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option

In the calculation the expected average period to vesting is 11 months.

Dividend

The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate

The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on government bonds at the time of the calculation.

Note 22

Acquisitions

In March AKVA group ASA acquired 70 % of the shares in Plastsveis AS for a total price of MNOK 19. The purchase was settled in cash and with 95% on completion and the remaining 5% was paid on January 31st 2014.

Plastsveis AS was established in 1988 and provide PE equipment, installation and services to the fish farming, agriculture and other industries. The company is located in Sør-Helgeland and had 39 employees when acquired.

The core business entails delivery and installation of tub and pipe plants to land based fish farming facilities as well as processing of pipes in polyethylene plastic for the fish farming industry, for agriculture and oil services. The company also participates in development project for the fish farming industry.

The acquisition is a natural step to strengthen the land based business area, and will give AKVA group a strong position in the market place when it comes to delivering a range of solutions for land based facilities to aquaculture. Plastsveis AS is a well-managed company with strong competence and operational capability in its field. The company holds significant synergies with our existing land based activity as well as with our existing activities in Helgeland Plast AS.

The acquisition has been accounted for using the acquisition method. The completion of the acquisition was done on March 15th and the company has been consolidated into the AKVA group from April 1st 2013. The Group has elected to measure the non-controlling interest at the acquire at fair value.

The provisional fair value of the identifiable assets and liabilities of Plastsveis AS as at the date of acquisition was:

Fair value recognized on acquisition	
(in NOK 1 000)	
ASSETS	
Machinery and equipment	3 147
Trade receivables	4 091
Inventories	5 482
Other current assets	6 312
Cash	522
	19 554
LIABILITIES	
Trade payables	-1 413
Deferred tax	-1 317
Other current liabilities	-7 637
	-10 367
Total identifiable net assets at fair value	9 187
Non-controlling interest measured at fair value	-2 756
Goodwill arising on acquisition	11 573
Intangible assets arising on acquisition	1 365
Purchase consideration transferred	19 369
Cash acquired with subsidiary	522
Cash paid	-19 000
Net cash outflow	-18 478

The transaction cost of TNOK 650 have been expensed and are included in other finance cost in the income statement.

Sales revenues in 2013 - consolidated from 01.04.2013	25 007
Net Profit before tax - consolidated from 01.04.2013	-2 415
Sales revenues in 2013 - if consolidated from 01.01.2013	33 089
Net Profit before tax - if consolidated from 01.01.2013	-4 959

The goodwill of MNOK 11.573 comprises the fair value of expected synergies arising from the acquisition and the competence of the employees. The Relief of Royalty method has been used to determine intangible assets. The allocation of the purchase price is finalized.

Note 23

Subsequent events

Refinancing completed and change of bank

Reference is made to the stock exchange notice released on December 10th 2013 regarding refinancing of AKVA group ASA.

AKVA group ASA has entered into an agreement to refinance its interest bearing bank debt in December 2013. The refinancing is done with Danske Bank at market terms. The financing will be effective during Q1 2014.

The new structure of interest bearing debt will be as follows:

- Serial loan of MNOK 40 with duration of 5 years
- A bullet loan of MNOK 75 with duration of 5 years
- A multiple currency drawing facility of MNOK 90

The refinancing further increases AKVA group's financial flexibility and reduces financing cost and yearly installments. AKVA group ASA also gets access to Danske Bank's excellent global services going forward. This will support our continued growth in existing and new foreign markets.

The serial loan from Innovasjon Norge of MNOK 16.4 with remaining duration of 3.75 years is assumed prolonged with unchanged market terms and conditions.

Aquisition of YesMaritime AS

Reference is made to the stock exchange notice released on January 22nd 2014 regarding acquisition of YesMaritime AS.

On January 22th 2014 AKVA group ASA entered into an agreement with Egersund Group AS to acquire 100 percent of the shares in the aquaculture farming service company YesMaritime AS for a price of MNOK 17.5. MNOK 8.5 of the purchase price will be paid in cash on completion. The remaining MNOK 9 will be settled in the form of a two-year seller credit from Egersund Group AS on market terms and conditions.

YesMaritime AS was established in 1985 and has developed to become one of the larger aquaculture farming service companies in Norway. The company is operating out of Bergen and has 29 employees. Currently the company is operating 6 vessels providing a range of services to the fish farming industry in Western Norway. In 2012 the Company had a turnover of MNOK 48.4, net profits after tax of MNOK 4.0 and total assets of MNOK 24.8. The preliminary 2013 financials indicates a weaker performance in 2013.

Prior to the transaction Egersund Group AS has entered into an agreement to acquire 47.62% of the shares in YesMaritime AS from Rogaland Sjøtjenester AS, becoming the sole owner of YesMaritime AS. Egersund Group AS will partly settle the transaction with AKVA group ASA shares valued at NOK 14.00 per share, in effect reducing Egersund Group AS' shareholding in AKVA group ASA with 343 550 shares.

The transaction between AKVA group ASA and Egersund Group AS is considered to be between related parties and will therefore require the consent of an Extraordinary General Meeting in AKVA group ASA pursuant to the Norwegian.

Public Limited Companies Act section 3-8. On February 12th 2014 the General Meeting in AKVA group ASA approved the acquisition.

The completion of the transaction is subject to ordinary closing conditions including third party consents, and is expected to take place at the end of the first quarter of 2014. YesMaritime AS is expected to be included in the Group as of April 1st 2014.

Financial Statement **Parent company**

(AKVA group ASA)



Income Statement 01.01 - 31.12 (in NOK 1 000)

Parent company	Note	2013	2012	2011
OPERATING REVENUES				
Sales revenues	2,19	497 137	356 293	447 921
OPERATING EXPENSES				
Cost of goods sold	11	386 690	268 989	325 415
Payroll expenses	3,4,22	64 869	61 480	64 607
Other operating expenses	4,8,12,18,21	33 967	26 000	36 865
Total operating expenses		485 526	356 469	426 887
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)				
		11 611	-176	21 034
Depreciation and amortisation	7,9	11 744	13 705	15 410
OPERATING PROFIT (EBIT)				
		-134	-13 881	5 624
FINANCIAL INCOME AND EXPENSES				
Financial income	18	20 938	39 106	13 677
Financial expenses	18	-8 551	-12 437	-13 338
Net financial items		12 387	26 669	339
PROFIT BEFORE TAX				
		12 253	12 788	5 963
Taxes	5	4 973	3 374	5 059
NET PROFIT FOR THE YEAR				
		7 280	9 414	904
ALLOCATION OF PROFIT FOR THE YEAR				
Other equity		7 280	9 414	904
Total allocated		7 280	9 414	904

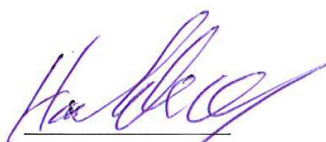
Assets 31.12 (in NOK 1 000)

Parent company	Note	2013	2012	2011
NON-CURRENT ASSETS				
Intangible assets				
Deferred tax asset	5	13 268	18 241	21 615
Goodwill	7	53 000	53 000	53 000
Other intangible assets	7	24 658	29 168	31 264
Total intangible assets		90 925	100 409	105 878
Tangible fixed assets				
Machinery and equipment	9	11 833	10 536	14 120
Total tangible fixed assets		11 833	10 536	14 120
Long-term financial assets				
Investments in subsidiaries	10	298 399	271 214	276 691
Loans to group companies	13	62 689	17 942	57 657
Other long-term financial assets	10,12	310	320	321
Total long-term financial assets		361 398	289 477	334 669
Total non-current assets		464 156	400 421	454 667
CURRENT ASSETS				
Stock	11	40 071	43 191	55 850
Receivables				
Accounts receivables	12,19,20	20 375	26 058	29 660
Accounts receivables - group companies	13	45 818	75 210	74 340
Prepayments to suppliers		1 891	1 846	7 050
Other receivables		5 150	2 191	1 110
Other receivables - group companies	13	27 344	44 102	-
Total receivables		100 578	149 409	112 161
Cash and cash equivalents	14	13 028	11 600	4 059
Total current assets		153 677	204 201	172 070
TOTAL ASSETS		617 833	604 622	626 737

Equity and Liabilities (in NOK 1 000)

Parent company	Note	2013	2012	2011
EQUITY				
Paid-in capital				
Share capital	15	25 834	25 834	25 834
Share premium reserve		336 029	336 029	336 029
Other paid in capital		2 460	2 398	2 367
Total paid-in capital		364 323	364 261	364 230
Retained earnings				
Other equity		27 271	19 817	10 380
Total retained earnings		27 271	19 817	10 380
Total equity		391 593	384 077	374 610
LIABILITIES				
Provisions				
Pension obligations	16	101	402	546
Total provisions		101	402	546
Other long term liabilities				
Liabilities to financial institutions	17	54 623	66 973	110 759
Other long term liabilities		-	150	293
Other long term liabilities - group companies		97	-	-
Total other long term liabilities		54 720	67 123	111 052
Current liabilities				
Liabilities to financial institutions	14,17	77 325	75 864	84 789
Trade creditors		37 673	24 664	32 719
Trade creditors - group companies	13	4 418	9 001	6 059
Taxes payable	5	-	-	-
Public duties payable		3 443	6 358	4 166
Prepayments from customers		-	629	1 512
Other current liabilities	18	48 558	36 502	11 284
Total current liabilities		171 418	153 019	140 529
Total Liabilities		226 239	220 544	252 127
TOTAL EQUITY AND LIABILITIES		617 833	604 622	626 737

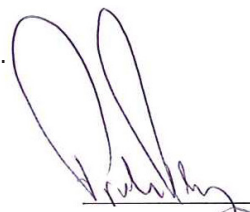
Bryne, Norway, April 10th 2014.



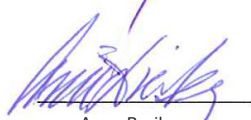
Hans Kristian Mong
Chairperson of the Board



Aino Olaisen



Frode Teigen



Anne Breiby
Deputy Chairperson



Ingvald Løyning



Tore Obrestad



Kjell-Arne Corneliusen



Eivind Brendryen



Trond Williksen
Chief Executive Officer

Cash Flow Statement 01.01 - 31.12 (in NOK 1 000)

Parent company	Note	2013	2012	2011
Cash flow from operating activities:				
Profit before taxes		12 253	12 788	5 963
Gain on disposal of shares and participations		-	-180	5 317
Depreciation	7,9	11 744	13 705	15 410
Write down of Financial assets		-	1 748	-
Change in pension obligation	16	174	143	-22
Changes in stock, accounts receivable and trade		46 621	7 079	-41 488
Changes in other receivables and payables		22 029	33 805	-46 358
Net cash flow from operating activities		92 823	69 088	-61 178
Cash flow from investment activities				
Investments in fixed assets	7,9	-9 369	-13 041	-12 324
Sale of tangible and intangible fixed assets		838	5 006	20
Investments in shares and participations		-27 185	-	-
Repayment of capital reduction in subsidiary		-	3 729	-
Other items		10	-	-
Net cash flow from investment activities		-35 706	-4 306	-12 304
Cash flow from financing activities				
Repayment of borrowings		-20 889	-37 110	-11 165
Proceed from borrowings		10 000	-	-
Change in loans to group companies	13	-44 649	-19 299	-4 574
Increase of share capital and share premium fund		-	-	88 462
Change related to other financial activities		-150	-832	-96
Net cash flow from financing activities		-55 688	-57 241	72 627
Net change in cash and cash equivalents		1 428	7 541	-854
Cash and cash equivalents at 01.01.		11 600	4 059	4 913
Cash and cash equivalents at 31.12.		13 028	11 600	4 059

Statement of changes in equity (in NOK 1 000)

Parent company	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Other equity	Total retained earnings	Total equity
Equity as at 01.01.2011		17 223	256 178	2 337	275 738	5 520	5 520	281 257
Actuarial deviations on net pension obligations		-	-	-	-	-75	-75	-75
Total income and expense recognised directly in equity		-	-	-	-	-75	-75	-75
Profit (loss) for the period		-	-	-	-	904	904	904
Total income and expense for the year		-	-	-	-	829	829	829
Issue of share capital		8 611	86 114	-	94 725	-	-	94 725
Share issue costs		-	-6 263	-	-6 263	-	-	-6 263
Recording of option agreement		-	-	30	30	-	-	30
Group contribution		-	-	-	-	4 031	4 031	4 031
Equity as at 31.12.2011		25 834	336 029	2 367	364 230	10 380	10 380	374 609
Equity as at 01.01.2012		25 834	336 029	2 367	364 230	10 380	10 380	374 609
Actuarial deviations on net pension obligations		-	-	-	-	23	23	23
Total income and expense recognised directly in equity		-	-	-	-	23	23	23
Profit (loss) for the period		-	-	-	-	9 414	9 414	9 414
Total income and expense for the year		-	-	-	-	9 436	9 436	9 436
Issue of share capital		-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-
Recording of option agreement		-	-	31	31	-	-	31
Group contribution		-	-	-	-	-	-	-
Equity as at 31.12.2012		25 834	336 029	2 398	364 261	19 817	19 817	384 077
Equity as at 01.01.2013		25 834	336 029	2 398	364 261	19 817	19 817	384 077
Actuarial deviations on net pension obligations		-	-	-	-	174	174	174
Total income and expense recognised directly in equity		-	-	-	-	174	174	174
Profit (loss) for the period		-	-	-	-	7 280	7 280	7 280
Total income and expense for the year		-	-	-	-	7 454	7 454	7 454
Issue of share capital		-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-
Recording of option agreement		-	-	62	62	-	-	62
Group contribution		-	-	-	-	-	-	-
Equity as at 31.12.2013		25 834	336 029	2 460	364 323	27 271	27 271	391 593

Note 1

Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The company's head office is located in Nordlysveien 4, N-4340 Bryne, Norway.

The financial statement for AKVA group ASA have been prepared in accordance with the Norwegian accounting Act's §3-9 and the related regulation on simplified IFRS as approved by the Ministry of Finance on January 21st 2008. As a result the principles applied when preparing the balance sheet and the income statement are mainly based on International Financial Reporting Standards as adopted by EU (IFRS) and the disclosure notes have been prepared in accordance with the requirements of the Norwegian Accounting Act and accounting principles generally accepted in Norway (NGAAP). See note 1 in group accounts for more details of the accounting policy.

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to fair value will be carried out if the impairment is not considered temporary, and a write down is deemed necessary according to IFRS. Impairments are reversed when the indication no longer exist.

Note 2

Segment information

Business segments

AKVA group ASA sells products and services within the business areas Cage Based Technology and Land Based Technology. For more detailed description and information about products and services, please go to "Products" at www.akvagroup.com and download the short version of the product catalogues. More information is also given in note 2 in the consolidated accounts.

Cage Based Technology (in NOK 1 000)	2013	2012	2011
Operating revenue	485 536	349 057	439 864
Operating expenses	474 465	349 793	417 760
Operating profit before depreciation and amortisation (EBITDA)	11 070	-736	22 104
Depreciation and amortisation	11 744	13 705	15 410
Operating profit (EBIT)	-674	-14 441	6 694

Land Based Technology (in NOK 1 000)	2013	2012	2011
Operating revenue	11 601	7 236	8 057
Operating expenses	11 061	6 676	9 127
Operating profit before depreciation and amortisation (EBITDA)	540	560	-1 070
Depreciation and amortisation	-	-	-
Operating profit (EBIT)	540	560	-1 070

Total (in NOK 1 000)	2013	2012	2011
Operating revenue	497 137	356 293	447 921
Operating expenses	485 526	356 469	426 887
Operating profit before depreciation and amortisation (EBITDA)	11 611	-176	21 034
Depreciation and amortisation	11 744	13 705	15 410
Operating profit (EBIT)	-134	-13 881	5 624

Note 2 continues

Geographical information

Operating revenue - external customers (in NOK 1 000)	Norway	Mediterranean	Other	Total
2013	363 167	224	99 244	462 636
2012	223 784	5 612	45 150	274 546
2011	289 509	37 885	21 433	348 827

Note 3**Wages and remunerations**

Salaries	54 559	52 327	54 636
Payroll tax	7 208	6 675	7 085
Pension costs	2 383	2 206	2 220
Other benefits	719	272	666
Total	64 869	61 480	64 607

The average number of employees in full time equivalent in the company during the year is:

	84	88	86
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See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

Loan and pledge

The company has not given any loans or pledges to members of the Board or group management as of December 31st.

Stock options

A new stock option plan was introduced in 2006. See details of stock options in note 21 and in note 3 in consolidated accounts.

For details of establishment of salary and other remuneration to executive management, see note 3 in consolidated accounts.

Fees to auditor (in NOK 1 000)	2013	2012	2011
Audit	381	311	319
Tax services	321	372	36
Attestation services	37	9	8
Other services	-	20	222
Total	739	712	585

All fees to the auditor is excl. VAT.

Note 4**Government grants and subsidies**

Government grants (in NOK 1 000)	2013	2012	2011
"Skattefunn"	478	792	1 100
Other	18	73	357
Total	496	865	1 457

Note 5

Taxes (in NOK 1 000)

Tax expense (in NOK 1 000)	2013	2012	2011
Adjustment related to previous years	-	-	-1 089
Change in deferred taxes	4 482	3 374	6 148
Effect of change in tax rate in Norway from 28 % to 27 %	491	-	-
Total tax expense	4 973	3 374	5 059

Calculation of the basis for taxation

Profit before tax	12 253	12 788	5 963
Permanent differences	3 754	-738	-6 533
Change in temporary differences	-16 007	-12 049	570
Tax base	-	-	-

Specification of temporary differences

Current assets	-5 253	-6 437	-3 237
Fixed assets	49 480	44 583	44 375
Provisions	-4 984	-4 870	-13 073
Pension obligations	60	-285	-471
Losses carried forward	-88 443	-98 138	-104 790
Total	-49 140	-65 147	-77 196

Calculated deferred tax assets	13 759	18 241	21 615
Effect of change in tax rate in Norway from 28 % to 27 %	-491	-	-
Deferred tax asset	13 268	18 241	21 615

A write down of receivables in AKVA group SEA of total MNOK 5.4 has been reclassified from temporary differences in 2012 to permanent differences in 2013.

Effective tax rate (in NOK 1 000)	2013	2012	2011
Expected income taxes, statutory tax rate of 28%	3 431	3 580	1 670
Permanent differences (28%)	1 051	-207	-1 829
Effect of change in tax rate in Norway from 28 % to 27 %	491	-	-
Adjustment related to previous years	-	-	5 219
Income tax expense	4 973	3 374	5 059

Effective tax rate in percent of profit before tax	40,6 %	26,4 %	84,8 %
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Expiry dates of Tax Loss Carry Forwards

Tax loss carryforwards without time restrictions	-88 443
Total	-88 443

Note 6

Net earnings per share

See details in note 6 in consolidated accounts.

Note 7**Intangible assets** (in NOK 1 000)

2013	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	44 412	36 092	133 504
Acquisition cost during the year	-	4 594	-	4 594
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	53 000	49 006	36 092	138 098
Accumulated amortisation at 01.01.	-	27 562	23 774	51 336
Amortisation during the year	-	5 831	3 274	9 105
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	-	33 393	27 048	60 440
Net book value at 31.12.	53 000	15 613	9 044	77 657

2012	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	36 174	36 092	125 266
Acquisition cost during the year	-	8 238	-	8 238
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	53 000	44 412	36 092	133 504
Accumulated amortisation at 01.01.	-	20 846	20 157	41 003
Amortisation during the year	-	6 716	3 617	10 333
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	-	27 562	23 774	51 336
Net book value at 31.12.	53 000	16 850	12 318	82 168

2011	Goodwill	Development costs	Patents & trademarks	Total
Acquisition cost at 01.01.	53 000	30 923	36 092	120 015
Acquisition cost during the year	-	5 251	-	5 251
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	53 000	36 174	36 092	125 266
Accumulated amortisation at 01.01.	-	14 432	15 854	30 286
Amortisation during the year	-	6 414	4 303	10 717
Accumulated amortisation disposals during the year	-	-	-	-
Accumulated amortisation 31.12.	-	20 846	20 157	41 003
Net book value at 31.12.	53 000	15 329	15 935	84 264

The company uses linear amortisation of all intangible assets. The useful economic life for the intangible assets are estimated as: Development 3-5 years, patents 20 years, trademarks 5 years and product rights 5-10 years.

Goodwill:

The goodwill is related to the acquisitions of Helgeland Plast AS and Superior Systems AS.

Development Costs:

The company has capitalised all direct costs related to development of software and tangible products that are expected to create economic benefits and meet the requirements for capitalisation in IAS 38. See also note 8.

Patents & trademarks:

Patents and trademarks are related to Polarcirkel/Wavemaster (2006) and Idema Aqua (2008)

Note 8

Research and development

During the year the company expensed MNOK 6.8 (MNOK 8.5 in 2012 and MNOK 9.4 in 2011) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalised development costs according to IAS 38 (see details in note 7).

Note 9

Tangible assets

Property, plant and equipment (in NOK 1 000)	2013	2012	2011
Acquisition cost at 01.01.	38 026	38 239	31 186
Additions related to merger	-	-	-
Additions during the year	4 775	4 812	7 053
Disposals during the year	-838	-5 025	-
Acquisition cost 31.12.	41 963	38 026	38 239
Accumulated depreciation 01.01.	27 491	24 119	19 426
Accumulated depreciation related to merger	-	-	-
Depreciation during the year	2 639	3 372	4 693
Accumulated depreciation disposals during the year	-	-	-
Accumulated depreciation 31.12.	30 130	27 491	24 119
Net book value 31.12.	11 833	10 536	14 120

The company use linear depreciation for all tangible assets. The useful economic life is estimated as:

- Machinery and equipment	Years: 3-5
- Buildings	25

Note 10

Subsidiaries and other long-term investments (in NOK 1 000)

Subsidiaries accounted for according to the cost method in the parent company accounts

Company name	Location	Currency	Share capital (NOK)	Number of shares	Par value (NOK)	Book value (NOK)
AKVA group North America Inc	Canada	CAD	429	419 760	1	5 253
AKVA group Scotland Ltd.	Scotland	GBP	15 853	14 186 377	1	27 417
AKVA group Software AS	Norway	NOK	2 174	500	4 348	45 073
AKVA group Chile S.A.	Chile	CLP	47 843	199 874	239	53 000
AKVA AS	Norway	NOK	100	1 000	100	100
AKVAsmart Ltd. (Turkey)	Turkey	TRY	7 210	200	36 051	7 910
Helgeland Plast AS	Norway	NOK	1 100	1 100 000	1	66 543
Plastsveis AS	Norway	NOK	1 462	2 150	680	19 000
Wise Lausnir ehf	Iceland	ISK	26	500 000	0,05	26 172
AKVA group Denmark A/S	Denmark	DKK	1 160	1 030 000	1	47 520
AKVA group Australasia Pty Ltd.	Australia	AUD	271	50 000	5	301
AKVA group SEA	Thailand	THB	1 819	100 000	18,2	0
Polarcirkel AS	Norway	NOK	100	1 000	100	110
Total						298 399

A write down of shares in AKVA group SEA of total MNOK 1.748 has been made in 2012.

Other long-term investments	Currency	Share capital	Number of shares	Par value (NOK)	Book value	Ownership
Centre for Aquaculture Competence AS	NOK	450	150	1 000	153	33 %
Blue Planet AS	NOK	1 350	2	50 000	100	7 %
Total					253	

Note 11

Stock (in NOK 1 000)

Stock	2013	2012	2011
Raw materials (at cost)	14 989	16 033	18 504
Work in progress (at cost)	-	115	-
Finished goods (at net realisable value)	25 082	27 043	37 346
Total	40 071	43 191	55 850
Write-down of obsolete stock 1.1	500	500	351
Write-down of obsolete stock during the year	720	-	149
Write-down of obsolete stock 31.12	1 220	500	500

Note 12

Receivables (in NOK 1 000)

Receivables due in more than one year	2013	2012	2011
Other long-term receivables	57	67	68
Total	57	67	68

Accounts receivables

The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

Bad dept provisions	2013	2012	2011
Bad debt provision last year	7 615	4 415	3 628
Change in bad debt provision	-2 365	3 200	787
Bad debt provision 31.12.	5 250	7 615	4 415
Recorded bad debt cost during the year	2	337	413
Change in bad debt provision	-2 365	3 200	787
Total bad debt cost during the year	-2 363	3 537	1 200

Reference is made to note 18 for more details of credit and currency risks related to accounts receivables.

Note 13

Intercompany balances (in NOK 1 000)

Receivables	2013	2012	2011
Loans to group companies	62 689	17 942	57 657
Current receivables towards group companies	45 818	75 210	74 340
Other receivables towards group companies	27 344	44 102	-
Total	135 851	137 255	131 997

A write down of a loan to a group company of total MNOK 5.4 has been made since 2011.

Payables	2013	2012	2011
Trade creditors towards group companies	4 515	9 001	6 059
Total	4 515	9 001	6 059

Note 14**Bank deposits** (in NOK 1 000)

	2013	2012	2011
Restricted bank deposits	2 700	2 605	2 821
Overdraft limit	90 000	90 000	65 000
Utilised end of year	56 475	57 014	60 187

Note 15**Shareholders**

The company's share capital is MNOK 25.8 divided into 25.8 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The 20 largest shareholders	Number of shares	Ownership in % of total shares
Egersund Group AS	22 583 655	87,42 %
Knut Molaug	404 838	1,57 %
MP Pensjon PK	380 000	1,47 %
Ole Molaug Eiendom AS	338 692	1,31 %
Ole Molaug	167 192	0,65 %
Havbruksconsult AS	166 000	0,64 %
Gunnar Kluge	153 590	0,59 %
UBS AG Zurich A/C Omnibus-Disclose	111 000	0,43 %
Anne Helga Nedrebø	101 750	0,39 %
Ingrid Havrevoll	99 750	0,39 %
Odd Skjæveland	75 750	0,29 %
Bergljot Molaug Gilje	67 644	0,26 %
Ingrid Molaug	66 950	0,26 %
Jan Arve Gjøvik	63 961	0,25 %
Arne M. Fagerheim	54 478	0,21 %
Bernhard Kielland	52 079	0,20 %
Thomas Fidel Quinther	50 220	0,19 %
Gunhild Helen Molaug	48 300	0,19 %
Aksel Kverneland	40 164	0,16 %
Reinkind AS	40 000	0,15 %
Other shareholders	768 290	2,97 %
Total	25 834 303	100,0 %

Shares owned by members of the Board of Directors	Number of shares	Options
Frode Teigen and Hans Kristian Mong as owners of Egersund Group AS*	22 583 655	-
Anne Breiby (Kjerby AS)	13 800	-
Tore Obrestad	2 368	-
Kjell Arne Corneliussen	200	-
Eivind Brendryen	200	-

* Frode Teigen, through Kontrari AS, and Hans Kristian Mong owns 50 % each in Egersund Group AS

Shares owned by group management	Number of shares	Options
Trond Williksen (CEO)	40 000	120 000
Eirik Børve Monsen (CFO)	20 000	-
Per Andreas Hjetland (COO Nordic)	2 500	-
Trond Severinsen (COO Export & CMO)	22 425	-

Note 16

Pensions (in NOK 1 000)

The pension schemes in AKVA group ASA is a defined contribution plan where agreed contributions are expensed as paid. The company has no further commitments towards pensions when the agreed contributions are paid. All pensions costs are included in payroll expenses in the profit and loss statement.

Contribution plans	2013	2012	2011
Contributions expensed during the year	2 383	2 206	2 220

Benefit plans

The Norwegian legal entities also have uninsured pension liabilities related to future estimated obligations of AFP (early retirement scheme covering some employees in Norway). The remaining obligation is related to the pensioners in the old AFP scheme, ref note 1 ; Employee benefits.

As of December 31st the pension liability is MNOK 0.10 and considered insignificant.

According to IAS 19.120A the company shall inform of the changes in the fair value of plan assets. Since the company has no other defined benefit plan other than an unsecured early retirement scheme (AFP) there are no accrued plan assets.

The company expects to contribute MNOK 0.58 to its defined benefit pensions plan in 2014.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

Note 17

Liabilities (in NOK 1 000)

Long-term liabilities due in more than 5 years	2013	2012	2011
Liabilities to financial institutions	77 000	-	11 661
Total	77 000	-	11 661
	2013	2012	2011
Liabilities secured with assets	131 948	142 837	195 548
Secured assets:	2013	2012	2011
Accounts receivables third parties	20 375	26 058	29 660
Accounts receivables group companies	45 818	75 210	74 340
Stock	40 071	43 191	55 850
Other assets	250 000	250 000	250 000
Total	356 263	394 459	409 850

As of December 31st 2013 bank quarantees of MNOK 46.3 is issued on behalf of the Group.

Repayment of debt

AKVA group ASA refinanced the long-term debt according to a stock exchange notice of December 10th 2013.

The company's long-term debt as of new financing in Danske Bank matures as follows:

	Long-term debt
2014*	10 105
2015	12 105
2016	12 105
2017	12 105
2018	8 000
Subsequent to 2018	77 000
Total	131 421
Average interest rate	3,71 %

*As of December 31st 2013 an amount of MNOK 20.85 of the long-term debt due within one year is, in accordance with IFRS, reclassified to short-term interest bearing debt in the balance sheet. The classification between short- and long-term debt listed above is according to new financing in Danske Bank and deviates from figures in the balance sheet.

In the beginning of 2013 a long term intercompany loan to a subsidiary was defined as part of the net investment in this subsidiary.

Note 18**Specification of items that are grouped in the financial statement** (in NOK 1 000)

Financial income	2013	2012	2011
Interest income from group companies	4 359	1 857	1 378
Other interest income	4 428	2 023	1 410
Agio gain	4 584	-	1 836
Group contribution recognised as income	11 926	34 767	9 820
Other financial income	-	2 316	611
Total financial income	20 938	39 106	13 677

Financial expenses	2013	2012	2011
Interest expenses	6 091	9 002	12 605
Agio loss	-	734	-
Other financial expenses	2 459	2 701	733
Total financial expenses	8 551	12 437	13 338

Other operating expenses	2013	2012	2011
Accommodation, materials, equipment and maintenance	15 175	15 345	19 776
Marketing, travelling and communication	12 589	10 212	12 214
Other operating expenses	6 203	443	4 875
Total other operating expenses	33 967	26 000	36 865

Other current liabilities	2013	2012	2011
Accrued costs	19 807	-	1 132
Guarantee provisions	4 650	2 600	5 444
Other current liabilities	24 101	33 902	4 708
Total other current liabilities	48 558	36 502	11 284

Note 19**Financial instruments and risk management**

See consolidated accounts note 18 for more details about financial instruments and risk management.

Note 20**Long-term contracts** (in NOK 1 000)

Revenue and profits on long-term contracts are recognised using the percentage of completion method. This method implies that profit is recognized according to the progress of the work, whereas any losses are fully recorded when incurred. Included in figures are primarily contracts on barges and cages, and only contracts valued over MNOK 3.0 are included.

	2013	2012	2011
Total revenues from long-term contracts	119 393	159 968	97 236
Total value of ongoing contracts 31.12.	315 072	55 527	39 956
Total sales included from ongoing contracts 31.12.	52 441	17 361	31 909
Not invoiced work-in-progress included as accounts receivables	-	16 237	18 729
Prepayments from customers	9 768	35 888	7 457
Remaining production on loss contracts 31.12.	-	-	-

Note 21

Operational leases (in NOK 1 000)

The company has entered into several operating leases for offices, machinery and other equipment. The cost is as follows:

Operating leasing cost	2013	2012	2011
Operational leasing costs	1 716	2 294	4 360
Rent costs on buildings	3 775	3 774	3 896
Total	5 491	6 068	8 256

The future minimum rents related to non-cancellable leases fall due as follows for the group:

	Within 1 year	1 - 5 years	After 5 years
Machinery and equipment	173	297	-
Vehicles	1 216	735	-
Offices and buildings	3 179	9 252	-
Total	4 568	10 284	-

In 2012 the main office lease agreement (headquarter) was renewed for 5 years included an option to extend the lease for 2 more years.

In 2013 the rent for main office was MNOK 3.1.

Note 22

Options to employees (in NOK 1 000)

The company has an option programme covering employees in selected senior positions. The option programme was established in connection with listing of the company at Oslo Stock Exchange in November 2006. No options have been granted during 2011.

The outstanding options as of 31.12.2013 can be exercised from 01.01.2014 until 30.11.2014. The strike price for the options is equal to the market price when the options are being granted. The strike price of the outstanding options is NOK 14.00 per share.

The fair value of the options has been calculated at grant date and charged to expenses over the period the options are earned (3 years). KNOK 62 has been charged to equity in 2013 related to the option programme.

	2013	2012	2011
Total available options that can be issued	1 012 109	1 012 109	1 012 109
Available options not issued at year end	892 109	892 109	814 177
Options vested during the year	-	-	-
Outstanding options as per 31.12.	120 000	120 000	197 932

The fair value of the options has been estimated using the Black&Scholes option-pricing model. The average fair value of options granted is based on the following assumptions:

Strike price

The strike price is equal to the the stock exchange price at grant date.

Volatility

The expected volatility is based on historic volatility for peer group companies (35%).

The term of the option

In the calculation the expected average period to vesting is 11 months.

Dividend

The calculation is based on no dividend being paid in the vesting period.

Risk-free interest rate

The risk-free interest rate assumed when calculating the fair value was equal to the interest rate on government bonds at the time of the calculation.

Note 23

Acquisitions

In March AKVA group ASA acquired 70 % of the shares in Plastsveis AS for a total price of MNOK 19. The purchase was settled in cash and with 95% on completion and the remaining 5% was paid on January 31st 2014.

See consolidated accounts note 22 for more details.

Note 24

Subsequent events

See consolidated accounts note 23 for more details about subsequent events.

Auditor's Report



Statsautoriserte revisorer
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Medlemmer av den norske revisorforening

To the Annual Shareholders' meeting of
AKVA group ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of AKVA group ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of AKVA group ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Stavanger, 10 April 2014
ERNST & YOUNG AS

Tommy Lothe
State Authorised Public Accountant (Norway)

Articles of Association of AKVA group ASA

(Last updated May 24th 2011 - Translation from Norwegian)

§ 1

The company's name is AKVA group ASA.
The company is a public limited company.

§ 2

The company's registered office is in Time, 4340 Bryne.

§ 3

The purpose of the company is to conduct development, manufacturing, project management, sale and marketing of proprietary and purchased goods, and everything connected to such activity, including participation in other companies with similar activities.

The activities of the company shall in particular be directed towards technology for farming of fish and animals.

§ 4

The company's share capital shall be NOK 25.834.303 divided into 25.834.303 shares at NOK 1 each. The company's shares shall be registered in the Norwegian Register of Securities (VPS). Any transfer of shares shall be notified to VPS within 1 – one – month.

§ 5

The Board of Directors shall consist of from 4 to 10 members as decided from time to time by the general meeting. The Chairperson and one Board member jointly sign on behalf of the company.

§ 6

The ordinary general meeting of the company shall consider the following:

1. The approval of the annual profit and loss statement and balance sheet.
2. Application of the profit, or settlement of the deficit according to the approved balance sheet, as well as the distribution of dividends.
3. Election of the Board of Directors
4. Other issues that under Norwegian law are to be dealt with by the shareholders General Meeting.

§ 7

The company shall have a nomination committee consisting of at least 3 members elected by the general meeting. The nomination committee shall prepare the general meeting's election of board members and propose candidates for nominations. The general meeting may adopt instructions for the nomination committee.

§ 8

When documents concerning matters to be discussed at the general meeting are made available to the shareholders on the Company's website, the requirement in the Public Companies Act that such documents shall be sent to the shareholders shall not apply. This also applies to documents which, according to law, shall be included or enclosed to the notice of the general meeting. A shareholder may nonetheless request hard copies of such documents to be sent to him.

Corporate Social Responsibility Corporate Governance



Biomasse



■ Anlegget er designet for... (50kg/m3), peaker på 45...

Corporate Social Responsibility

This report is made in accordance with the Norwegian Accounting Act, Section 3-3c, setting requirements for the companies to account for its handling of Corporate Social Responsibility. The report includes:

- references to the company's guidelines related to following up its corporate responsibility, including any principles, procedures and standards to be adhered to. If such guidelines have not been prepared, information to that effect is given
- how the company works to translate the principles, procedures, standards and guidelines mentioned above into action
- the company's assessment of the results achieved as a consequence of working with corporate responsibility and any expectations to results in the time to come

Basis for AKVA group ASA's Corporate Social Responsibility

The company's handling of its Corporate Social Responsibility is based on AKVA group's core values and principles, applicable laws and regulations as well as generally accepted principles and practices for good corporate governance.

AKVA group ASA approach Corporate Social Responsibility as a continuous process, seeking constant improvement in awareness, processes as well as adoption to new regulations and understandings.

AKVA group ASA's Vision and Values

AKVA group's vision is to be a **Technology and Service Partner** to the global aquaculture industry. AKVA group's mission is to be a **profitable supplier of knowledge based solutions and services in order to improve our customer's profitability and sustainability.**

AKVA group's core values are:

- **Customer Focus**
- **Aquaculture Knowledge**
- **Reliability**
- **Enthusiasm**

The vision and values of the group forms the foundation of our commercial activity and strategies as well as our behavior as an entity and individuals.

Our Vision and Values are actively communicated internally and externally describing AKVA group ASA as an entity, as well as actively used as general guidelines for behavior, priorities and decisions in day to day management. Our Vision and Values are made available on our website, our intranet as well as in presentations and material distributed internally to our employees as well as externally to customers and stakeholders.



AKVA group ASA's Code of Conduct

AKVA group has an established Code of Conduct giving detailed instructions on regulations, policies and guidelines for responsible as well as acceptable behavior and conduct. The Code of Conduct applies to all employees – including temporary personnel – of the group throughout the world as well as to the members of the Board of Directors of AKVA group ASA and of our subsidiaries.

The purpose of the Code of Conduct is to ensure that all persons acting on behalf of AKVA group perform their activities in an ethical way and in accordance with the standards AKVA group sets in its regulations, policies and guidelines.

It is AKVA group's policy to comply with all applicable laws and governmental rules and regulations. The code is an important tool to secure compliance with these laws, rules and regulations.

The Code of Conduct is published on the group's intranet available for all employees in the group. The code is also enclosed as a part of any new employment contracts, making sure all new employees have the proper understanding necessary to comply. The code itself gives clear instruction to all managers of the group to make sure the code is known and complied with, by all employees of the group.

Violation of this Code of Conduct is not tolerated and may in accordance with relevant legislation lead to internal disciplinary actions, dismissal or even criminal prosecution. Should an improper practice or irregularity occur within the Company, the Company is committed to make necessary corrections and take remedial action to prevent reoccurrence.

The Code of Conduct covers the following main areas;

- Policy on personal conduct and behavior based on mutual respect
- Restrictive policy on use of intoxicants
- Policy on equal opportunity
- Policy on anti-corruption and conflict of interest
- Policy on compliance with laws and regulations including laws and regulations on antitrust and competition as well as insider trading.

The Code of Conduct is regularly revised and in order to ensure adoptions to new regulations as well as understandings of good governance and conduct.

Policy areas of special importance for AKVA group in our effort to follow up our corporate social responsibility given a broader presentation below.

Equal Opportunities

AKVA group is committed to an inclusive work culture and appreciates and recognizes that all people are unique and valuable, and should be respected for their individual abilities. AKVA group does not accept any form of harassment or discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political opinion.

AKVA group shall provide equal employment opportunity and treat all employees fairly. AKVA group employees and business units shall only use merit, qualifications and other professional criteria as basis for employee-related decisions in AKVA group, regarding for instance recruitment, training, compensation and promotion. AKVA group encourage commitment developing programs and actions to encourage a diverse organization based on the principle of equal opportunity.

The policy for equal opportunity is given by the groups Code of Conduct, as well as followed up as part of daily management in the different entities of the group.

AKVA group currently has subsidiaries in eight countries employing a diversified work force in terms of gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age and political opinion.

Policies and actions to prevent corruption

AKVA group has a zero tolerance policy on corruption.

Bribery

Employees in AKVA group shall not offer or accept any bribes. Bribery occurs when a person gives or offers a gift or favor for himself to achieve an unfair advantage. AKVA group also do not allow so-called "facilitation payments", ie payments made to secure or expedite something that pays is entitled.

Gifts, favors and entertainment

Employees in AKVA group should exercise caution in giving and receiving gifts, services and other benefits. Gifts, services and benefits shall not go beyond what is considered normal and reasonable in the country the operation is located.

The size and circumstances of gifts, services and benefits that are given or received shall be such that an employee should be able to tell openly about this.

The policy outlines that gifts, etc., shall under no circumstances be given or received, if we are talking about:

- one negotiation, application, or offers or situation which is expected in return, or
- money, loans and private services, or
- frequent gifts or
- gifts to public officials or politicians, or
- gifts with specific conditions or
- gift whose value exceeds \$ 100 (without the prior written consent of the parent)

Employees must in addition to these guidelines, follow local regulations, including tax laws.

Actions and status

The policy and guidelines to prevent corruption and fraud is given in AKVA group ASA's Code of Conduct, made known to all employees on the group's intranet as well as enclosures to all employment agreements entered into by the group.

Special management attention is given to safeguard the strict anti-corruption policy, enforcing strong awareness of employees on all levels. Systematic actions implemented includes;

- Sales and projects staff working towards and/or operating in markets with historical records of corruption are followed up with special information and training courses aimed at enhancing understanding and awareness

- Integrity due diligence is conducted on all new agents as well as distributors and cooperating partners in export markets
- Anti-corruption clauses are today included in significant contracts in emerging markets
- Anti-corruption clauses are included in significant contracts in export markets

Anti corruption clauses will be implemented in all significant contracts with suppliers and customers during 2014.

As of today no reported incident of corruption, involving AKVA group is reported to, or known by the Management or Board of Directors of AKVA group.

Integrity and conflicts of interest

Conflicts of Interest

Employees in AKVA group shall not attempt to gain advantage for themselves or relatives that are unlawful, or in any way may be in violation of AKVA group's interests or reputation.

Duty, positions and ownership of external business

Employees in AKVA group shall not be involved in matters or enter into agreements that may conflict with or damage AKVA group's interests, or provide them with benefits. This includes conditions where it can be questioned that person's independence because that person, the person's family or other person has close connections to have financial interests in the relationship that comes AKVA group.

Employees in AKVA group shall avoid relationships or agreements that may affect his or her actions or judgment and cast doubt on the independence.

Employees in AKVA group shall avoid ownership interests or directorships in other companies if this is likely to undermine the loyalty of AKVA group.

Question on boards or equity investment in companies that compete or are business with AKVA group shall always be cleared with your supervisor in advance.

Political activity

AKVA group does not provide any form of financial or other support directly to political parties. The company can support or promote political views in matters affecting its business interests.

Prohibition on the purchase of sexual services

Purchase of sexual services on a business trip or in connection with the execution of an assignment or work for AKVA group is unacceptable and should not occur.

Purchase of sexual services is prohibited by law in Norway. This prohibition also applies abroad for Norwegian citizens and persons with permanent residence in Norway.

Actions and status

The policy and guidelines on integrity and conflict of interest are given in AKVA group ASA's Code of Conduct, made known to all employees on the groups intranet as well as enclosures to all employment agreements entered into by the group.

Violation is not tolerated and may in accordance with relevant legislation lead to internal disciplinary actions, dismissal or even criminal prosecution. Should an improper practice or irregularity occur within the Company, the Company is committed to make necessary corrections and take remedial action to prevent reoccurrence.

No violations of the policy and guidelines for Integrity and Conflict of Interest has been reported to the Management or Board of Directors during 2013.

Compliance with laws and regulations

Compliance with national laws and regulations are the basis for AKVA group's operations in all countries.

Company employees and directors in AKVA group shall:

- comply with all applicable laws and regulations when acting on behalf of the company, including the obligation to report and pay taxes;
- under no circumstances may cause or contribute to violations of the general and specific competition regulations, such as price-fixing, illegal market sharing or other conduct in violation of applicable competition laws;
- comply with applicable legislation and internal instructions on insider trading and insider information, including failure to provide or advise on the sale of securities in AKVA group or other listed companies on the basis of non-public information made available through the work of AKVA group, which may influence the price of securities if it becomes widely known.

The policy and guidelines on compliance with laws and regulations are given in AKVA group ASA's Code of Conduct, made known to all employees on the groups intranet as well as enclosures to all employment agreements entered into by the group.

AKVA group has developed and issued guidelines for insiders in accordance with the recommendations set by Oslo Stock Exchange.

No incidents of non-compliance with the policies of Compliance has been reported to the Management or the Board of Directors in 2013.

Social responsibility

External standards AKVA group follows

AKVA group will follow the principles of the UN Global Compact that include:

Human Rights

Businesses should support and respect the protection of internationally recognized human rights, and ensure that they are not complicit in human rights abuses.

Labour standards

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, put an end to all forms of forced labor, bringing child labor to an end and put an end to discrimination in respect of employment and occupation.

Environment

Businesses should support a precautionary principle in relation to environmental challenges, undertake initiatives to promote greater accountability in relation to the environment and encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Businesses should work against all forms of corruption, including extortion and bribery.

Requirements for AKVA group suppliers of standard of Social Responsibility and to follow the principles of the UN Global Compact

AKVA group providers should have standards of Social Responsibility and follow the principles of the UN Global Compact.

Providers that violate basic standards of ethics and corporate responsibility, can be dismissed as providers of AKVA group and can be considered disqualified from bidding. Otherwise, AKVA group deviation from central standards of ethics and social work with the vendor to achieve improvements, and end supplier relationship if improvements are not successful.

Good working

All employees in AKVA group to have high levels of safety in their work. We expect our suppliers to maintain responsible labor practices.

Employees in AKVA group are free to join the trade union of their choice. Companies in the group to facilitate a good working relationship with staff and unions.

Openness and dialogue with stakeholders

AKVA group want open and constructive dialogue with people, organizations and others affected by our operations. The goal is that openness, dialogue and public reporting will help to improve your business.

Reference to AKVA's adoption of UN Global Compact will be implemented as standard in contracts with suppliers and customers during 2014.

No incidents or violations of policies within the area of Social Responsibility have been reported to the Management or Board of Directors in 2013.

Sustainable environment

AKVA group develop, design, produce and deliver technology and service to a global aquaculture industry supplying healthy seafood to a global population. A principal part of AKVA group's mission as a technology and service partner is to enhance the sustainability of our customers operations.

AKVA group designs and produces technology in accordance with high national and international standards implemented to safeguard sustainable production and HSE. In Norway all technology designed and delivered are in accordance with NS9415, representing the highest international technology standard in the industry. Technology based on this standard is as a main rule provided to export markets.

Annually AKVA group allocates substantial financial resources developing more sustainable technologies for the global aquaculture industry, targeting improved fish welfare as well as solutions to environmental issues, such as the challenge of escapes as well as sealice in the salmon industry.

AKVA group currently works towards ISO14001 certification of it operations.

No incidents or violations of AKVA group's policies of Sustainable Environment have been reported to the Management or Board of Directors in 2013.

Corporate Governance in AKVA group ASA

AKVA group ASA's objective is to create the greatest possible value for its shareholders over time. Strong corporate governance will contribute to reducing risk and ensure sustainable value creation.

Pursuant to section 3-3(b) of the Norwegian Accounting Act and the Code (as defined below), the board reviews and updates the company's principles for corporate governance on an annual basis. This report is included in the Company's annual report.

1. Implementation and reporting on corporate governance

The Board of Directors must ensure that the Company implements sound corporate governance.

The Board of Directors must provide a report on the Company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice. If the Company does not fully comply with this Code of Practice, the company must provide an explanation of the reason for the deviation and what alternative solution it has selected.

The Board of Directors should define the Company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

AKVA group ASA ("AKVA" or the "Company") has defined guidelines for corporate governance, and the Board has decided to follow the Norwegian Code of Practice for Corporate Governance (the "Code") as approved by the Norwegian Corporate Governance Board ("NCGB"). The Code was last revised 23 October 2012. AKVA has furthermore defined its own corporate Code of Conduct and

defined values upon which the Company should build its activity. These principles also apply to AKVA's subsidiaries to the extent they are relevant. The company will consider defining guidelines for corporate social responsibility.

The individual recommendations in the Code are discussed below. The Code and its recommendations are available on the NCGB website at www.nues.no. To a large extent AKVA's principles correspond to the Code. Possible deviations from the Code are discussed under the relevant sections below, and any deviation is accounted for and any alternative practice adopted by the company explained.

▶ *Deviation from the Recommendation: None other than as stated above.*

2. Business

The Company's business should be clearly defined in its articles of association. The Company should have clear objectives and strategies for its business within the scope of the definition of its business in its articles of association. The annual report should include the business activities clause from the articles of association and describe the Company's objectives and principal strategies.

Paragraph 3 in the articles of association states: "The purpose of the Company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the Company shall in particular be directed towards technology for farming of fish and animal." The full articles of association are included in the Annual Report. The strategic goals and objectives are described thoroughly in the report.

▶ *Deviation from the Recommendation: None*

3. Equity and dividends

The Company should have an equity capital at a level appropriate to its objectives, strategy and risk profile. The Board of Directors should establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting. The dividend policy should be disclosed. Mandates granted to the Board of Directors to increase the Company's share capital should be restricted to defined purposes. If the Annual General Meeting is to consider mandates to the Board of Directors for the issue of shares for different purposes, each mandate should be considered separately by the meeting. Mandates granted to the Board should be limited in time to no later than the date of the next Annual General Meeting. This should also apply to mandates granted to the Board for the Company to purchase its own shares.

At year end 2013 the Company had a consolidated equity of 339 MNOK which accounts for 46.9% of the total assets of the Company.

Dividend policy:

The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments.

The Company will strive to maintain an equity capital level that is appropriate for its objectives, strategy and risk profile, taking into consideration that it is operating in a cyclical industry. In view of the Company's planned expansion of its business, the Company will regularly evaluate the timing and amount of dividend payments in light of its objectives, strategic development outlook and risk profile. Dividend payments will be subject to approval by the shareholders at the Company's Annual General Meeting.

The dividend policy is disclosed on the Company's website.

In order to maintain an equity capital level that is appropriate for the group's objectives, strategy and risk profile, the Board of Directors proposes to the Annual General Meeting that no dividend should be paid for 2013.

The general meeting in 2013 resolved to grant the board authorization to increase the company's share capital by up to NOK 12 917 151 through subscription of new shares. The authorization does not authorize the board to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Public Limited Liability Companies Act (Act), nor carry out a capital increase through payments in non-monetary assets, nor incur special obligations on behalf of the company as set out in section 10-2 of the Act, nor decisions on mergers pursuant to section 13-5 of the Act, and may not be used in connection with the company's option program.

The authorization shall be in force from the date of the general meeting until the earlier of the date of the annual general meeting in 2014 and 30 June 2014. This authorization replaces all previous authorizations to the board to increase the company's share capital.

The general meeting in 2013 also resolved to grant the board authorisation to acquire own shares which have been fully paid in accordance with the rules of §§ 9-2 – 9-4 of the Act. For each single share which is acquired by this authorisation the price to be paid shall not exceed the ordinary stock exchange rate available on the date of purchase. This authorisation may be used one or several times. The highest nominal value of the total number of shares that may be acquired according to this authorisation is fixed at NOK 645 857 which equals about 2.5 % of the issued share capital.

Own shares may only be acquired according to this authorisation when the Company's free equity according to the latest declared balance sheet at the time of the acquisition exceeds the compensation to be paid for the shares. Beyond that, the Board of Directors will decide the conditions for the acquisition and transfer of own shares, considering the fact that in no incidence can own shares be acquired by this authorisation beyond what is considered consistent with prudent and sound business practice, taking proper account of losses that may have occurred after the balance sheet date, or which may be expected to occur.

The authorisation is valid until the annual general meeting of 2014 however not longer than until 30 June 2014. This authorisation replaced the authorisation for acquisition of own shares granted by the annual general meeting on May 9th 2012.

▶ Deviation from the Recommendation: None

4. Equal treatment of shareholders and transactions with close associates

The Company should only have one class of shares.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the Company carries out in its own shares should be carried out either through the stock exchange or at prevailing

stock exchange prices if carried out in any other way. If there is limited liquidity in the Company's shares, the Company should consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties, the Board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

The Company should operate guidelines to ensure that members of the Board of Directors and executive personnel notify the Board if they have any material direct or indirect interest in any transaction entered into by the Company.

Class of shares

AKVA Group has only one class of shares. The Articles of association place no restriction on voting rights. All shares are treated equal.

Transactions between related parties

The Company is not aware of any potential conflicts of interest between any duties to the Company of the members of the Board of Directors or the Company's management, and their private interests or other duties. The Board is aware of facility lease agreements with companies that are controlled by shareholders of AKVA; however, these are all based on arm's length market terms.

In order to avoid conflicts of interest, the Company has introduced guidelines pursuant to which members of the Board of Directors and the Company's management must act. The members of the Company's Board of Directors and the Company's management meet all these requirements.

Guidelines for directors and key management personnel

The Corporate Code of Conduct in Section 5 – conflict of interest and integrity – discusses the topic and provides clear guidelines to all employees and management on this matter. Furthermore the Boards Instruction in Section 7 - Disqualification and conflict of interest – provides guidelines for the Board of Directors.

- ▶ Deviation from the Recommendation: None other than as stated above

5. Freely negotiable shares

The Company's shares must, in principle, be freely negotiable. Therefore, no form of restriction on negotiability should be included in a Company's articles of association.

The shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

- ▶ Deviation from the Recommendation: None

6. General meetings

The Board of Directors should take steps to ensure that as many shareholders as possible may exercise their rights by participating in general meetings of the Company, and that general meetings are an effective forum for the views of shareholders and the Board.

Such steps should include:

- making the notice calling the meeting and the support information on the resolutions to be considered at the general meeting, including the recommendations of the nomination committee, available on the Company's website no later than 21 days prior to the date of the general meeting
 - ensuring that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting
 - setting any deadline for shareholders to give notice of their intention to attend the meeting as close to the date of the meeting as possible
 - the Board of Directors and the person chairing the meeting making appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies
 - ensuring that the members of the Board of Directors and the nomination committee and the auditor are present at the general meeting
 - making arrangements to ensure an independent chairman for the general meeting
- Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The Company should:
- provide information on the procedure for representation at the meeting through a proxy,
 - nominate a person who will be available to vote on behalf of shareholders as their proxy
 - to the extent possible prepare a form for the appointment of a proxy, which allows separate voting instructions to be given for each matter to be considered by the meeting and for each of the candidates nominated for election.

The annual general meeting for 2013 was held on the 14th of May, and was in all material respect carried through in accordance with item 6 in the recommendation with the following exceptions:

- The company does not appoint an independent proxy to vote on behalf of shareholders. In the company's opinion the shareholder interests are duly protected through participation with a personal proxy or by awarding a proxy with voting instructions to the chairman of the meeting, the chairman of the board or any person appointed by him.
- The general meeting was, as in previous years, chaired by the chair of the board of directors. The chair of the board of directors is independent of major shareholders and other stakeholders in the Company, and based on this and the matters on the agenda for the annual meeting it is the view of the board that the meeting was chaired in an appropriate way with due regard to the interests of all shareholders. Experience from chairing and arranging several general meetings in the Company has been good, and there are no immediate plans to change the current practice.

There have not been other general meetings in 2013.

- ▶ Deviation from the Recommendation:
None other than as stated above

7. Nomination committee

The Company should have a nomination committee, and the general meeting should elect the chairperson and members of the nomination committee and should determine the committee's remuneration.

The nomination committee should be laid down in the Company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee should be selected to take into account the interests of shareholders in general.

The majority of the committee should be independent of the Board of Directors and the executive personnel. At least one member of the nomination committee should not be a member of the corporate assembly, committee of representatives or the Board. No more than one member of the nomination committee should be a member of the Board of Directors, and any such member should not offer himself for re-election to the board. The nomination committee should not include the Company's chief executive or any other executive personnel.

The nomination committee's duties are to propose candidates for election to the corporate assembly and the Board of Directors and to propose the fees to be paid to members of these bodies.

The nomination committee should justify its recommendations.

The Company should provide information on the membership of the committee and any deadlines for submitting proposals to the committee.

The Articles of Association provide for a Nomination Committee. The Nomination Committee shall evaluate and recommend candidates for Directors elected by the shareholders as well as Directors' remuneration, both for the Board of Directors and for the Nomination Committee itself. The Nomination Committee shall consider and recommend to the shareholders for resolution at the general meeting on the following matters:

- Candidates for election as members of the Board of Directors

8. Corporate assembly and Board of Directors: composition and independence

The composition of the corporate assembly should be determined with a view to ensuring that it represents a broad cross-section of the Company's shareholders.

The composition of the Board of Directors should ensure that the Board can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the Board should be independent of the Company's executive personnel and material business contacts. At least two of the members of the Board elected by shareholders should be independent of the Company's main shareholder(s).

The Board of Directors should not include executive personnel. If the Board does include executive personnel, the Company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the Board, including the use of Board committees to help ensure more independent preparation of matters for discussion by the Board, cf. Section 9.

The chairman of the Board of Directors should be elected by the general meeting so long as the Public Companies Act does not require that the chairman must be appointed either by the corporate assembly or by the Board of Directors as a consequence of an agreement that the Company shall not have a corporate assembly.

The term of office for members of the Board of Directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at Board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the Company.

Composition of the Board of Directors

The Board of Directors consists of 8 members, and currently has the following composition: Hans Kristian Mong (Chairperson), Anne Breiby (Deputy Chairperson), Ingvald Løyning, Aino Olaisen, Frode Teigen, Tore Obrestad, Eivind Brendryen and Kjell Arne Corneliussen. The 3 latter directors have been elected by and from the employees.

Hans Kristian Mong and Frode Teigen are the largest shareholders of the Company through Egersund Group AS. The other members of the board of directors are independent of shareholders and other stakeholders. Further details of the individual directors can be found in the Annual Report.

The nomination committee's recommendation of candidates, including the basis of the recommendation, will be appended to the notice for the annual general meeting, which will be published on the company's website and on the Oslo Stock Exchange's reporting site, www.newsweb.no.

▶ Deviation from the Recommendation: None

9. The work of the Board of Directors

The Board of Directors should produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties. In order to ensure a more independent consideration of matters of a material character in which the chairman of the Board is, or has been, personally involved, the Board's consideration of such matters should be chaired by some other member of the Board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the Company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the Board who are independent of the Company's executive personnel.

The Board of Directors should provide details in the annual report of any Board committees appointed.

The Board of Directors should evaluate its performance and expertise annually.

Board responsibilities

The Board of Directors has the final responsibility for the management and organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operate in accordance with the adopted value norms and Code of Conduct as well as with the owners' expectations of good corporate governance. The Board of Directors primarily looks after the interests of all the shareholders, but is also responsible for the Company's other stakeholders.

The Board's main tasks are to contribute to corporate competitiveness, and to ensure that the Company develops and adds value. Furthermore the Board of Directors shall contribute in the shaping of and in the implementation of the Company's strategy, employ the necessary control functions and in other ways ensure that the Company is well operated and organised. The Board sets the objectives for financial structure and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Company are handled by the Board. The Board hires the CEO, defines his or her work instructions and authority and sets his or her wages. The Board produces each year an annual plan for its work as recommended.

Instructions to the Board of Directors

The Board's instructions were approved by the Board in a board meeting on 21 September 2006. The instructions cover the following points: Composition of the Board, the Board's duties, day-to-day management, Board meetings - conveyance and related issues, the Board's decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business.

The Board of Directors can decide to deviate from instructions in certain cases.

Financial Reporting

The Board of Directors receives regular financial reports on the Company's economic and financial status.

Audit Committee

In accordance with section 6-41 of the Act AKVA group has an established Audit Committee, consisting of Anne Breiby (chair) and Hans Kristian Mong. The group CFO acts as the secretary of the committee. The mandate and work of the audit committee is described in further detail under item 10 below.

2011 was the first full functional year for the Audit committee. 6 meetings were held in the committee during 2013.

The Compensation Committee

The Charter for the compensation committee was approved by the Board in a Board meeting on 21 September, 2006. The Committee's tasks revolve around the CEO's terms of employment and the remuneration of the executive management including wage levels, bonus systems, options schemes, pension schemes, employment contracts etc.

The Committee forwards recommendations to the Board of Directors for final approval. The current members are Aino Olaisen (Chair) and Ingvald Løyning. The Chairperson of the Board generally also participates in the meetings. The Committee has had 2 meetings since the 2013 general meeting. The Compensation committee charter is available on www.akvagroup.com.

The Board's self-evaluation

The Board completes a self-evaluation annually in terms of efficiency, competence and the Board's duties in general. The evaluation is made available for the Nomination Committee.

▶ Deviation from the Recommendation: None

10. Risk management and internal control

The Board of Directors must ensure that the Company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal control and the systems should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board of Directors should carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

The Board of Directors and internal control

The board ensures that the company has appropriate internal control procedures and appropriate risk management systems tailored to its business.

Managing operational risk primarily takes place within the operational subsidiaries, but with AKVA group as an active driving force through its positions in the boards of the subsidiaries. Generally, the subsidiaries have established adequate practices for such risk management.

The AKVA group is exposed to currency, interest rate, and market risk, as well as credit risk and operational risk.

Financial guidelines in AKVA group ensure the monitoring of financial risk. Management of exposure in financial markets, including currency, interest rate and counterparty risk, is emphasised in the company's governing documents. Further details on these principles are provided in note 18 to the group's financial statements and note 19 to the parent company's financial statements. The company has developed an authority matrix which is included in its governing documents. Management regularly presents performance reports that are sent for review of the Board. The quarterly financial statements are subject to review in Board meetings.

The Board's work plan

The Board of Directors has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and the HSE-situation, financial risks and identification of risk related to the strategic goals and risk handling. By carrying out the established work plan, the Board controls that the Company has sound internal control and systems for risk management for the Company's activities, including systems suitable for controlling the compliance with the Company's corporate values and ethical guidelines. The guidelines for corporate social responsibility will be included in the same work when defined.

Audit Committee

The mandate of the committee is to monitor and evaluate the group's financial reporting, including to evaluate substantial accounting issues, accounting principles and procedures applied by the group in its financial reporting to Oslo Stock Exchange. The committee is to evaluate the work of the group's external auditor, including the auditor's independence from management and compliance with rules and regulations in regards to services beyond financial audit. The committee also discusses the scope of the audit with the external auditor as well as evaluates reports from the auditor to the Board of Directors and management of the group. The Audit Committee nominates external auditor for the group as well as propose compensation for the external auditor to the Board of Directors.

The Audit Committee is also monitoring the groups internal control systems, including managements operational and financial risk management.

The Audit Committee is free to address any other issue it finds necessary to fulfill its mandate

▶ Deviation from the Recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The remuneration of the Board of Directors should not be linked to the Company's performance. The Company should not grant share options to members of its Board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

It is the Board's opinion that the size of the remuneration of the Board of Directors is in compliance with the criteria in the recommendation concerning the Board's responsibility, expertise etc. Furthermore, the following applies to the remuneration:

- The remuneration is not linked to the Company's performance, and the Board members are not granted share options
- None of the Board members and/or companies with which they are associated, have taken on specific assignments for the Company in addition to their appointment as a member of the Board.

▶ Deviation from the Recommendation: None

12. Remuneration of the executive management

The Board of Directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the Annual General Meeting.

The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel.

The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, should be an incentive to good performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

Guidelines and terms

The Board of Directors and the Compensation Committee has the responsibility to establish guidelines and recommendations with regards to the remuneration of the CEO and the executive management. Each year the Committee undertakes a thorough review of the remuneration and other salary to the CEO and the executive Management. The review is based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and the executive management is determined by the Board of Directors. The fixed remuneration and performance-based remuneration - including option scheme to the executive management and the Board of Directors - is described in the notes to the annual accounts.

In accordance with the Act, the guidelines are communicated to the Annual General Meeting.

▶ Deviation from the Recommendation: None

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published. In the event of a take-over bid for the Company's shares, the Company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid.

If an offer is made for a Company's shares, the Company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the Board have excluded themselves from the Board's statement. The Board should arrange a valuation from an independent expert.

The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement. Any transaction that is in effect a disposal of the Company's activities should be decided by a general meeting, except in cases where such decisions are required by law to be decided by the corporate assembly.

The Board of Directors has established guidelines in the event of an offer for all or a substantial majority of the shares in AKVA group is made. The guidelines for such take-over bids are published on the Company's web pages.

▶ Deviation from the Recommendation: None

15. Auditor

The auditor should submit the main features of the plan for the audit of the Company to the audit committee annually.

The auditor should participate in meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor should review any material changes in the Company's accounting principles, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the Company.

The auditor should at least once a year present to the audit committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board of Directors should hold a meeting with the auditor at least once a year at which neither the chief executive nor any other member of the executive management is present.

The Board of Directors should establish guidelines in respect of the use of the auditor by the Company's executive management for services other than the audit.

13. Information and communications

The Board of Directors should establish guidelines for the Company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Company should publish an overview each year of the dates for major events such as its Annual General Meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the Company's shareholders should be published on the Company's web site at the same time as it is sent to shareholders.

The Board of Directors should establish guidelines for the Company's contact with shareholders other than through general meetings

Annual and periodic accounts

The Company normally presents provisional annual accounts in late February. Complete financial statements, the Directors' Report and the annual report are sent to the shareholders and other stakeholders in April/May. Further to this the Company presents its accounts on a quarterly basis. The Financial calendar is published on the Company's website. All shareholders are treated equally as a matter of course.

Other market information

Open investor presentations are conducted in connection with the Company's quarterly reports. The quarterly presentation is also made available on the Group's website.

In the quarterly report the CEO reviews the result for the past period and comments on the development for the various products and market segments. Furthermore the CEO provides a summary of the market outlook and prospects for the near future. The CFO also participates in these presentations. Further to this the CEO and CFO maintains a dialog with and makes presentations to analysts and investors.

The Company considers it essential to keep owners and investors informed about its economic and financial development. Importance is also attached to securing that the same information is released to the whole market at the same time.

▶ Deviation from the Recommendation: None

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors should not hinder or obstruct take-over bids for the Company's activities or shares.

The Board of Directors must report the remuneration paid to the auditor at the Annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

An outline of the work planned by the Auditor is presented to the Audit committee every year. The Auditor is always present during the Board's discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the Auditor. Part of the meeting is also executed without the presence of the CEO or other executive management. The Chairman of the Board also has an annual separate meeting with the Auditor

▶ Deviation from the Recommendation: None.

16. Management and internal procedures

This point is not covered by the Corporate Governance Recommendation.

CEO

The CEO is in charge of the routine management of the business, including responsibility for the Company being organised, run and further developed in accordance with legislation, the Articles of Association and decisions taken by the Board of Directors and the Annual General Meeting.

Executive Management

The executive management consists of 6 individuals. In addition to the Chief Executive Officer, the executive management consists of the Chief Financial Officer, the Chief Operating Officer Americas, the Chief Operating Officer Nordic, the Chief Operating Officer Exports and the Chief Operating Officer Technology and Software.

The Corporate Managers meet monthly with a fixed agenda in addition to fixed weekly meetings and day-to-day contact on an operational basis and a number of other scheduled meetings and business reviews through the year.

Evaluations

Corporate Management evaluates its own work and working methods annually. The evaluation is submitted to the Boards Compensation Committee, and a condensed version of this is presented to the Board of Directors.

Intra-Group Boards

The Group's subsidiaries have their own Board of Directors, staffed by in-house managers.

